EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

No.30,959 — Friday September 29 1989 — D 8523A



**SWEDEN**
**High inflation and low growth**
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## World News

### Marcos dies in Hawaii after three years in exile

Ferdinand Marcos, who was brought down by popular revolt and fled the Philippines in 1986 after more than two decades as the increasingly despotic and corrupt president, died in hospital in exile in Honolulu, Hawaii. He was 72. Page 18

**Party boss toppled**
THE last major survivor of Soviet rule under Mr Leonid Brezhnev, 71-year-old Mr Vladimir Shcherbitsky, was toppled from his post as Ukraine Communist Party boss. Page 2

**E German refugees**
Nearly 2,000 East German asylum-seekers inside the grounds of the West German Embassy in Prague rejected East Berlin's offer to allow them to emigrate to West Germany. Page 2

**Greek election**
The Athens caretaker Government will lead Greece to elections on November 5, the second poll this year, the ruling coalition announced. Page 2

**Extradition threat**
Britain would not stand in the way if Colombia sought the extradition of British mercenaries alleged to have trained Colombian drug gangs, said Mr John Major, UK Foreign Secretary. Page 3

**US school goal**
President George Bush agreed with state governors to set national goals for the US education system after a two-day summit. Page 3

**Nato low flying**
After nearly a year of negotiations with Nato partners, the West German Government reached agreement on significantly reducing noisy low-flying by military jets. Page 2

**S Africa action**
Commonwealth Heads of Government meeting in Malaysia next month should continue to seek united action to end apartheid in South Africa, said Sir Shridath Ramphal, Commonwealth Secretary-General. Page 4

**Brazilian polls**
Two Brazilian opinion polls showed that support for Fernando Collor de Mello, front-runner for months in Brazil's presidential election race, was tumbling. Page 3

**Japanese tax bid**
Japanese opposition parties submitted a package of four Bills calling for abolition of the planned 3 per cent consumption tax. Page 4

**Oil explosion**
An oil well blew up in eastern Venezuela killing four Americans doing repair work on the facility, the state oil subsidiary Corpoven said.

**Glemp criticism**
Poland's Roman Catholic Primate Jozef Glemp has denied anti-Semitism in criticising Jewish protests against a convent sited at the former Nazi death camp Auschwitz.

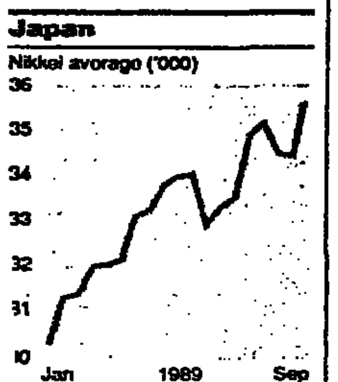
**Spanish challenge**
A Spanish Army colonel, already under house arrest for suggesting the army could not fight its way out of a paper bag, said it again, challenging the Socialist Defence Minister to toughen his punishment. Page 2

## Business Summary

### PepsiCo signs barter deal to build Soviet plants

PEPSICO, US soft drinks group, is entering an unusual barter deal with the Soviet Union under which it is helping to finance the building of 28 Soviet Pepsi plants and acting as an agent in the sale of new Soviet ships. Page 18

JAPANESE EQUITIES were pushed to new highs by an official guide to interest rate prospects and a wave of buying from investment funds. the Nikkei average advanced 319.41 to a record 35,689.98. Page 46




KYOCERA, Japanese industrial ceramics and electronics group, is acquiring AVX, US-based maker of electronic components. Page 19

MERCK, world's largest pharmaceuticals company, and DuPont, chemicals group, agreed to work together on new medical drugs. Page 19

HANSON group, UK multi-national, has made redundant the entire head office staff of Consolidated Gold Fields, diversified UK mining group, which it controls. Page 19

NATIONWIDE Anglia, second largest UK building society (home loans institute) is to close more than 150 of its 883 branches. Page 8

FIAT, Italian car manufacturer, reported first-half profits with a 27.5 per cent rise in pre-tax earnings. Page 19

CIBA-GEIGY, Switzerland's biggest chemicals company, has invited environmental groups to help run chemical-waste plant. Page 2

BRANIFF, US airline, has sought protection of the bankruptcy courts for the second time in seven years. Page 20

BAYER, West German chemicals and pharmaceuticals company, is calling in outside experts to judge safety of its genetic engineering. Page 2

AUSTRALIA'S big four commercial banks agreed to hold mortgage rates at 17 per cent. Page 4

SCANDINAVIAN Airlines System (SAS) and Swissair have agreed to forge a joint partnership in preparation for deregulated European airline industry. Page 21

US GOVERNMENT demanded compensation from 140 Japanese construction companies accused of rigging bids and overcharging for work on US military facilities. Page 6

SHELL, Esso and Enterprise Oil, three oil companies operating in North Sea, ended a year-long battle over the Nelson oilfield. Page 19

INTEL of California, world's leading manufacturer of advanced computer chips, expected to announce development in Eire. Page 6

CHEMIE Holding, Austria's largest chemicals company, plans to sell its pharmaceuticals division for a targeted price of about $320m. Page 23

AUSTRALIA'S pilots rejected official mediation of their six-week-old pay dispute with the domestic airlines, dashing hopes of a quick return to normal services. Page 4

# Soviet Union suggests summit to wrap up arms talks

By Judy Dempsey in Vienna

THE Soviet Union yesterday added its voice to optimistic US predictions about conventional disarmament in Europe by proposing a summit in the second half of 1990 to sign an agreement wrapping up the Vienna arms talks.

Mr Oleg Grinivsky, chief Soviet negotiator at the talks, also disclosed a fresh concession in the Warsaw Pact's negotiating position which would broaden the categories of aircraft over which it is prepared to negotiate.

In May, President George Bush's called for agreement in Vienna within six months to a year had prompted officials from several Allied countries to caution about the ambition of such a timetable. Since then, however, the two sides' negotiating positions have moved steadily closer and Mr Grivinsky suggested yesterday a foreign ministers' conference in the first half of next year could resolve outstanding problems.

Agreement could then be sealed at "an all-European conference," said Mr Grivinsky. He did not specify that the US and Canada would attend the European conference, but there would seem little prospect of Western agreement to a meeting without the North American allies.

The new Warsaw Pact position on air defences marks a shift from the previous position which focused on a proposed ceiling of 1,500 "strike" aircraft for both alliances.

The Pact is now prepared to include what it calls all "tactical" aircraft and has proposed a maximum number for each side of 4,700 – bringing its position closer to that of Nato, which envisages ceilings of 5,700 for all combat aircraft.

The East bloc, however, will continue to demand the exclusion from any agreement of "air defence" aircraft, of which it says it has about 1,800. Nato has long rejected the Pact's insistence on drawing a distinction between defensive and offensive aircraft.

The Warsaw Pact also raised its proposed ceiling on combat helicopters – from 1,700 to match precisely Nato's ceiling of 1,900. The proposals were immediately welcomed by several Nato delegations as a "very important step" towards reaching an accord.

Nato diplomats acknowledged the Soviet Union had made a considerable compromise but continued to express concern about the future capability of the Pact's air defence aircraft.

But Mr Grinevsky insisted that aircraft in this category "have no ground attack capability and are not part of the surprise attack potential." The Vienna talks aim to lower the possibility of a surprise attack.

The Soviet negotiator said the aircraft would only cover vital installations located deep inside Soviet territory.

Oleg Grinevsky: proposed all-Europe conference

# Pound, shares fall as prospect grows of base rate rise

By Simon Holberton and Philip Stephens in London

UK SHARE prices fell sharply yesterday as the pound faltered on foreign exchange markets and the prospect of higher bank base rates grew.

Mr Nigel Lawson, the Chancellor of the Exchequer, yesterday reported to the Cabinet on the economic outlook as the Bank of England intervened to support the pound.

There is considerable nervousness among some of his ministerial colleagues about the possibility of another rise in base interest rates before the Conservative Party conference in two weeks.

One Government minister commented that Mr Lawson remained concerned to avoid any further rise in borrowing costs but was expected to sanction such an increase if the the Bank of England's intervention failed to prop up the pound.

A rise in base rates would force an immediate increase in mortgage rates which would push up the recorded inflation rate over the next few months and in turn intensify upward pressure on wage demands.

Despite the Bank's intervention to support the currency, sterling ended the day at its lowest level against the D-Mark in 11 weeks.

The weakness of the pound, and the possibility that interest rates may have to be raised, undermined share prices. The FT-SE 100 Share Index closed 39.5 points down at 2,291.7. It lost 1 pfennig and 1½ cents to DM3.0250 and $1.6060.

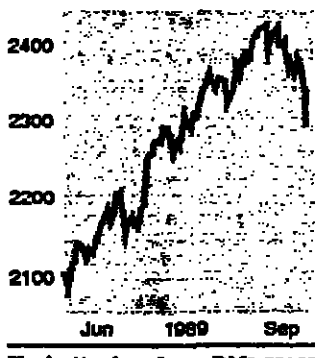
**Camdessus defends IMF lending policy**

Mr Michel Camdessus, managing director of the International Monetary Fund, said yesterday that the IMF's new lending strategy was needed to support the kind of economic reform programmes recently adopted by Poland and Argentina. Both he and Mr Barber Conable, World Bank president, praised these programmes. Report, Page 18

Trading in sterling was conducted yesterday against a background of considerably uncertainty in London's financial markets. Analysts said there had been no large scale selling of the pound.

Few were able to predict the course of market developments although many thought an expected rise in West German interest rates next week could undermine confidence in the pound. Trading in currency markets has so far been dominated by the attempt of G7 central banks to push the dollar lower; sterling has benefited from the market's attention to the dollar, they said.

Central banks of the Group of Seven leading industrialised countries continued their concerted intervention. In Europe, however, the dollar, ended broadly unchanged against the D-Mark and the Yen at DM1.8815 and Y140.5. In New York it closed at DM1.88165 and Y140.65.




But the central bank intervention on the dollar has compounded the Bank's difficulties in propping up the pound. The West German Bundesbank has been selling dollars for D-Marks, as has the US Federal Reserve. This has had the effect of strengthing the D-Mark against all currencies.

This week's gloomy economic news will cast a shadow over the Conservative Party conference which starts on Oct 10, and will provide useful ammunition for the opposition Labour party at its conference next week. The Chancellor faces a number of critical motions, many about his reliance on interest rates to curb inflationary pressures.

Lex, Page 18; Currencies, Page 42; London Stock Exchange, Page 35

# Poland devalues currency by 20 per cent

By Christopher Bobinski in Warsaw

POLAND yesterday launched a series of devaluations of its currency and unveiled plans for sharp rises in prices for food, fuel and agricultural machinery.

Plans by the Solidarity-led coalition Government for further deep cuts in subsidies – possibly from the beginning of next week – were outlined by to Solidarity's parliamentary deputies by Mr Marek Dabrowski, the newly appointed Deputy Minister of Finance.

He said his Ministry planned the cuts from the beginning of October and warned that prices would have to rise further to bring down the country's current 50 per cent rate of inflation.

He was speaking as Mr Leszek Balcerowicz, Deputy Premier in charge of the economy, returned from Washington where he had outlined to senior Western financial officials plans for full liberalisation of Poland's economic system.

Mr Dabrowski said that the devaluation of the zloty, by 20 per cent against the dollar, announced yesterday by Poland's National Bank, would be followed by further realignments in the next few months.

The plan for "significantly" lower subsidies on meat, milk, bread and imported raw materials comes as Poles are still coming to grips with the effects of a recent 50 per cent rise in the price of petrol and diesel fuel. This almost immediately led to a doubling of prices demanded by farmers for their produce.

Continued on Page 18

# Bush retains initiative on budget policy

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday won an important political victory when the House of Representatives easily approved proposals to cut the US capital gains tax, which is expected to stimulate stock market activity and asset sales.

The vote, by margin of 239 to 190, follows eight months of increasingly bitter infighting on what has become a key test both of political power and of rival economic approaches.

Some 64 mainly conservative Democrats joined all but one Republicans in voting against the alternative to a capital gains tax cut offered by the congressional leadership, which would have involved increasing taxes for the very wealthiest and extending tax reliefs for savings via individual retirement accounts. This cross-party group is similar to the coalition which supported former President Reagan's tax cuts in the early 1980s.

The result represents a serious setback for the new Democratic leadership in the House which had made the issue one of party loyalty. It gives the initiative to the President ahead of key decisions in coming months on how to reduce the federal budget deficit, though it still blocks the path of higher taxes.

The Administration-backed plan would allow the exclusion from taxation of 30 per cent of the profits from the sale of assets like shares, property and timber, in effect cutting the rate from 28 to 19.6 per cent. This would apply until the end of 1991, after which the rate would rise to 28 per cent, though gains resulting purely from inflation would not be taxable.

The proposal should, by encouraging sales of assets, increase tax revenue by $9.4bn in the first three years, but would lose $6bn a year thereafter. The Congressional Budget Office has estimated that four-fifths of the benefits from the cut would go to those with incomes exceeding $100,000 a year, or about 3.3 per cent of all US taxpayers.

The proposal will shortly go to the Senate where the Democratic leadership hopes for greater support for its alternative to a capital gains cut. Unlike the House version this would not involve raising taxes on the wealthiest.

Republicans and conservative Democrats have argued that a cut in capital gains tax should encourage investment and create jobs, citing the example of former President Kennedy's call for such a cut.

However, Democrats such as Mr Dan Rostenkowski, whose Ways and Means Committee approved the cut over his objections, have argued that the plan savages the tax reforms introduced in 1986.

Mr Rostenkowski said lower capital gains taxes were "a temporary feel-good gimmick" that would lose money in the long-run.

The vote shows in part the continued influence of Republican warnings against tax increases. A number of conservative Democrats were worried

Continued on Page 18

# UK brewers begin shake-out after monopolies investigation

By Lisa Wood in London and Ian Hamilton Fazey in Manchester

TWO well-known names in the British brewing and leisure sector – the Thistle Hotel chain and Boddington the brewer – changed hands yesterday in deals together worth more than £700m ($1.12bn).

Mount Charlotte Investments, already Britain's second largest hotelier, becomes the biggest hotel operator in central London after paying Scottish & Newcastle Breweries £645m for the Thistle chain.

At the same time Boddington said it was selling its brewing operations to Whitbread for £50.7m to concentrate on its pub retailing, hotel and health care activities.

Both deals are indicative of the changes starting to accelerate in Britain's brewing and leisure sector with brewers, in the months after the recent publication of a Monopolies and Mergers Commission investigation, focusing on those businesses they identify as having the strongest growth potential.

S & N announced in July that it was looking for a purchaser for the Thistle Hotel chain, which operates 33 hotels in England and Scotland.

Thistle, which was formed in 1965, made an operating profit of £25.1m on turnover of £110.9m in the year to the end of April when Thistle had net assets of £498m.

Mount Charlotte had bid about £600m for the hotels but increased its offer when the freehold of The Tower Hotel, at St Katharine's Dock, was included.

The hotel operator will make an initial payment of £561m and a further interest free payment of £64m next year. After completion, the company intends to dispose of some of the combined portfolio of 100 hotels to realise up to £200m.

The group is funding the deal partly through a one for three rights issue at 77p each to raise £151.4m, with the rest through bank borrowings.

Boddington, Britain's sixth largest brewer which yesterday announced a 9.4 per cent rise in interim pre-tax profits to £7.3m, said it had decided to sell its brewing operations because of declining ale sales and under utilisation at its breweries.

Whitbread, which with the Whitbread Investment Trust holds a 30 per cent stake in Boddington, claimed yesterday that the acquisition would make it equal with Allied-Lyons as Britain's second largest brewer after Bass. It hoped the acquisition would not be referred to the MMC by the Office of Fair Trading.

Whitbread believes that the Boddington name will enable it to take advantage of plans, due to be introduced by the Government, that will oblige large brewers to take guest ale brands in their pubs.

Boddington said yesterday that the sale – made after a private auction – had not been provoked by government draft rules on the brewing industry which flowed from the MMC proposals.

Lex, Page 18; London stock exchange, Page 35



## MARKETS

| STERLING | DOLLAR | STOCK INDICES |
|---|---|---|
| New York lunchtime: $1.606 | New York lunchtime: DM1.8825, FFr6.3765, SFr1.633, Y140.565 | FT-SE 100: 2,291.7 (−39.5) |
| London: $1.606 (1.6135), DM3.025 (3.035), FFr10.25 (10.275), SFr2.6225 (2.63), Y225.0 (226.75) | London: DM1.8815 (same), FFr6.375 (6.3675), SFr1.6315 (1.6305), Y140.5 (140.6) | FT Ordinary: 1,876.2 (−39.5) |
| £ index 91.2 (91.3) | $ index 69.9 (69.7) | FT-A All Share: 1,186.47 (−1.4%) |
| GOLD | Tokyo close Y140.85 | FT-A long gilt yield index high coupon: 9.72 (9.7) |
| New York: Comex Dec $372.7 | US LUNCHTIME RATES | New York lunchtime: DJ Ind Av. 2,683.51 (+10.43) |
| London: $366.5 (368.5) | Fed Funds 9⅛% | Tokyo: Nikkei 35,689.98 (+319.41) |
| N SEA OIL (Argus) Brent 15-day Oct $18.05 (17.575) | 3-mo Treasury Bills: yield 8.03% | LONDON MONEY |
| Chief price changes yesterday: Page 18 | Long Bond: 98⅞, yield: 8.24% | 3-month interbank: close 14⅛% (14⅛%) |

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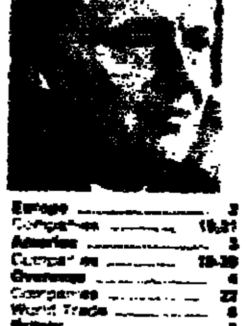
## CONTENTS

**The magic that Britain's Labour Party needs to win**



Neil Kinnock (left), leader of the opposition Labour Party, has to a large extent manufactured his own luck. But the reshaping of the party is still far from complete with an election perhaps two years away Page 17

EUROPEAN NEWS

# Bonn pact to curb low-flying jets

By David Goodhart in Bonn and David White in London

AFTER nearly a year of often tense negotiations with its Nato partners, the West German government has reached agreement on significantly reducing noisy low-flying by military jets over its territory.

Low-flying became a big political issue at the turn of the year after an accident at an air show in Ramstein and the *crash of a US jet into the small* town of Remscheid which claimed 76 lives. Those incidents added to growing disenchantment with the heavy military presence inside Germany at a time of reduced international tension.

*That disenchantment has* been especially acute in the seven regions where low-flying at 250 feet is allowed. The centre-piece of the low-flying package announced yesterday by Mr Gerhard Stoltenberg, the defence minister, is a reduction of flying time in those areas by about 45 per cent.

Overall Mr Stoltenberg claims to have cut the 68,000 annual hours of low-flying by a quarter. The Royal Air Force, responsible for much of the 45,000 hours flown by other Nato countries, said the reduction would not mean more low-flying over Britain.

But Britain has warned the US and West German air forces that it may now have to cut the amount of low-flying training they do in the UK as a result of the restrictions placed on the RAF in West Germany.

The hardest part of the negotiation was the reduction in flying time in the low-flying areas from a maximum of 26 minutes to 15 minutes per mission. Negotiations with the British were particularly difficult and even Mr Stoltenberg's carefully worded report admitted they were "intensive".

Senior RAF officers warned yesterday that the West German package would have "some effect" on operational capabilitybut said they hoped that it could be contained.

The main impact on RAF Germany will be to limit its low flying there to a total of about 5,000 hours a year, based on an average of 15 minutes at low level per sortie. This compares with a current average of between 20 and 25 minutes.

About 40 per cent of RAF Germany's low-flying training on Tornado and Harrier jets is already done outside West Germany.

Mr Stoltenberg says the noise problem will be reduced far more than the overall reduction in low-flying suggests, through other measures including a speed reduction from 450 knots to 420 knots, and an increase in the number of towns that are out of bounds in the low-flying areas from 25 to 61. Particularly noisy low-flying intercept exercises will be carried out at altitudes of at least 1,500 feet.

East Germans scale the fence of Bonn's embassy in Prague

# E German refugees reject olive branch

NEARLY 2,000 East German asylum-seekers squeezed into the grounds of the West German Embassy in Prague rejected East Berlin's offer to allow them to emigrate to West Germany within six months if they first returned home, Leslie Colitt writes from Berlin.

Only a handful of East Germans accepted the offer made by the East Berlin lawyer, Mr Wolfgang Vogel. It amounted to a big concession by the East German government, which earlier said applications to emigrate would be given close consideration if they returned home.

The East German asylum-seekers, however, appeared to be holding out in the hope that they would eventually be allowed out directly to West Germany.

Mr Vogel, a confidant of the East German leader, Mr Erich Honecker, made the same offer in Warsaw yesterday to more than 500 East Germans who had sought refuge in the West German embassy. But there too only a small number of people decided to return.

The East Germans in Warsaw believed they had more chance of being allowed out to the West by the new pro-Western Polish regime.

*The number of* East Germans scaling the fence onto the grounds of the West German Embassy in Prague rose sharply following a football match between West German and Czechoslovak teams attended by many East German fans. Nearby Czechoslovak policemen looked away. By noon yesterday more than 2,000 were registered with the embassy and given shelter in tents outside.

West Germany called on the German Red Cross to help cope with the East Germans after Czechoslovak authorities said they could not be housed outside the embassy.

# Slovenes want to decide their own fate

By Judy Dempsey in Vienna

A combination of mounting public pressure, fuelled by growing nationalist tensions between the republics of Serbia and Slovenia, forced the Slovene communist party and the local assembly to adopt this week's sweeping changes to their constitution.

The constitution of this small northern republic of 2.1 million inhabitants now formally gives Slovenia the right to secede from the Federation and even join another country.

It also gives the local assembly the right to veto a state of emergency as well as the deployment of the federal army on Slovenian territory.

Few Yugoslavs believe that Slovenia would secede from the Federation. But in the words on a senior Slovene official, "if the situation in our country deteriorates, we now have the pyschological option of deciding our own fate."

That, however, is easier said than done. Economically, Slovenia lags behind the west, in the quality of its goods, its infrastructure and productivity levels.

In addition, its economy is so integrated with the Yugoslav economy - 30 per cent of the republic's goods are exported to other parts of the country - that secession would cause considerable damage to the republic's own living standards.

But apart from the economy, what is really at stake now is how the ruling communist party in Slovenia, led by the dynamic and reform-minded Mr Milan Kucan, will respond to the ever growing demands by Slovenes for a multi-party system at a time when the Federal party is resisting such calls.

Already, the political movements in the republic are demanding that the party opens up round table talks to discuss how next year's elections should be organised and what rights the new parties should have.

The confidence of the parties has been helped, not only by Mr Kucan's tolerant attitude, but also by public opinion, with the line between Slovene nationalism and political pluralism becoming increasingly blurred.

This was particularly obvious last year when three well-known Slovene journalists and an army officer were jailed on charges of betraying military secrets. In a newspaper article, they had alleged that the Federal authorities were preparing to send in the army to crack down on the growing political dissent in the republic.

The fact that the court proceedings were held in Serbo-Croat and not in Slovene, and that the local population suspected growing *Serbian influence* in the army - which has so far not been proved - heightened the sense of nationalism and increased the calls for greater political autonomy from the Federation.

Thus, it was this public pressure which *inevitably* influenced the Republic's central committee which arrived in Belgrade last Monday to confront the Federal party leadership over the proposed amendments.

The federal party, led by Mr Milan Pancevski, a *Montenegrin*, warned that if the Slovene party pressed ahead with the amendments, the whole integrity and unity of the Federation would be undermined.

Not for one moment did members of the federal party think Slovenia would *pull out* of the Federation. "But we knew that the precedent in strengthening the right to self-determination and ultimately to secede, would upset the balance" said one Serbian official.

But during the 16-hour long debate, the Slovene party, even if it wanted to postpone some of the more controversial amendments, was in no position to do so.

For, back in Slovenia, public opinion, boosted by the strong independent political groupings, was pushing the Slovene party up against the wall. And when the federal central committee voted 97 against and 40 for the amendments, the Slovene party could not accept the majority vote.

## Ciba-Geigy seeks help on waste plant

By Peter Marsh

CIBA-GEIGY, Switzerland's biggest chemicals company, has invited environmental groups to help in the administration of a chemical-waste treatment plant whose construction has been delayed by fears over pollution.

Plans for the SFr120m (£46m) plant, which Ciba-Geigy wants to build in Basle over the next two years, have aroused fears that noxious materials might be transported to the city.

Another fear is of possible emissions from the plant – which would be based on high-temperature incineration – of dangerous gases.

Mr Alex Krauer, chairman of Ciba-Geigy, said the plant was badly needed to help the entire Swiss chemicals industry, which has to export much of its more dangerous wastes because of a shortage of treatment *facilities*.

Mr Krauer said that, although Ciba-Geigy would pay for the plant, roughly half its capacity of 13,000 tonnes a year would be reserved for the use of outside groups. These could include other Swiss *chemicals companies such as* Sandoz and Hoffmann-La Roche, together with municipal authorities.

Ciba-Geigy planned to set up a committee to regulate running of the plant, which would represent local authorities and *environmental groups*. "This is based on the belief that we have nothing to hide," said Mr Krauer.

# EC leasing licence studied

By Peter Montagnon, World Trade Editor

THE European Community is considering plans for a single licence for leasing companies which would allow them to operate throughout Europe once they had home country authorisation, Sir Leon Brittan, commissioner for competition policy, said in London yesterday.

The proposals, along the lines of those already established for banks, would involve establishing minimum capital and supervisory rules for all leasing institutions, he said in a speech prepared for delivery to the UK Leasing Equipment Association.

The growth of leasing as a financial activity in Europe had created anomalies because in some member states leasing was regarded as a banking activity and in others it was not. Banks which were engaged in leasing would benefit from the market opening created by the new Banking Directive while other companies in the same business would not.

Sir Leon acknowledged that there was some opposition to the idea of a single leasing licence in the UK, where companies felt it would add an additional European layer of regulation.

But he said it would be to the advantage of British leasing companies to obtain the most open possible access to European markets "in which you are more than a match for your continental competition".

Following representations from the UK industry, the Commission's legal service was looking into whether the British Finance Act of 1982 was in breach of European Community law by restricting the tax allowances that can be claimed on assets leased from the UK to other countries, he added.

# Ukraine Communist Party boss toppled

By Quentin Peel in Moscow

THE last major survivor of Soviet rule under Mr Leonid Brezhnev, 71-year-old Mr Vladimir Shcherbitsky, was yesterday toppled from his post as Communist Party boss in the Ukraine under the watchful eye of Mr Mikhail Gorbachev.

Against the background of a swelling tide of nationalism in the Soviet Union's largest non-Russian republic, Mr Shcherbitsky was allowed to withdraw into retirement, and make way for his chosen successor.

The decision by a plenary meeting of the Ukraine Communist Party central committee was something less than a total victory for Mr Gorbachev, for the new republican party leader, Mr Vladimir Ivashko, has no track record as a great reformer.

Mr Gorbachev was rumoured to want a Ukrainian outsider for the job, not part of the party machine built up by Mr Shcherbitsky since he became its leader in 1972.

In the event, 56-year-old Mr Ivashko, deputy leader since only 1988, was regarded as the inevitable choice, with Mr Shcherbitsky's blessing. He is seen as more of a pragmatist, but has spent his entire career inside the Ukrainian party hierarchy, with minimal exposure to national or international politics.

The Ukrainian party leader can expect to be almost automatically a member of the ruling Politburo in Moscow – as Mr Shcherbitsky was until voted out last week in Mr Gorbachev's latest purge of conservative figures. It will be a test of the Soviet leader's approval just how quickly Mr Ivashko wins that promotion.

His immediate challenge will be to come to terms with the nationalist movement, principally in the form of Rukh, the Popular Movement of Ukraine for Perestroika.

In a revealing interview published yesterday in Sovietskaya Kultura, Mr Leonid Kravchuk, the Ukrainian party ideology secretary and therefore one of his closest aides, admitted that the party was losing the public debate to the informal movements – and urged party members to get more involved.

# Andreotti falls out with the church

By John Wyles in Rome

ITALIAN prime minister Mr Giulio Andreotti may be widely known as "the wolf" and his principal lieutenant in Roman politics, Mr Vittorio Sbardella, as "the shark", but both were yesterday nursing political wounds dealt by the longer, sharper teeth of the Italian Catholic Church.

Indeed, there is some suspicion that Mr Andreotti may suffer lasting political damage from an attack which suggests that, at least for the time being, he is no longer the Church's favourite son among the Christian Democrat (DC) leadership. "Andreottiani", as his followers are known, control DC politics in Rome and if the party does badly in communal elections on October 29, the prime minister stands to take considerable blame for failing to curb their excesses.

While always paying his respects to matters sacred, the prime minister has consistently been tolerant of the politically profane, in whose ranks Mr Sbardella enjoys a special prominence. He was the real target of this week's astonishing decision by the Catholic youth movement, Communione and Liberazione (CL), to sever its connections with the controversial weekly over which Mr Sbardella has been exercising special influence, Il Sabato.

In essence, the move is a recognition that Andreottiani were going too far in exploiting the youth groups for their own purposes in the DC's eternal power struggles. At CL's August "meeting", the Movimento Popolare, the movement's political wing, attacked the DC's former secretary and prime minister, Mr Ciriaco de Mita, and Italy's DC president, Mr Francesco Cossiga.

When Mr Andreotti attempted to dismiss a subsequent, unsigned, article of rebuke in the Vatican newspaper, L'Osservatore Romano, as something "written by a journalist," the Pope himself let it be known that he had given an audience to the newspaper's editor, Mr Mario Agnes.

At the same time, the Italian bishops have been so determinedly distancing themselves from the DC's electoral campaign in Rome that the party was unable to persuade any of its distinguished figures to head its list and had to plump for a professor fully tagged by the press as "Mr Nobody".

Mr Sbardella yesterday made as light of his setback as he does of his youthful connections to Italy's Fascist Party.

## Genetic engineering study for Bayer

By Peter Marsh

BAYER, the big West German chemicals and pharmaceuticals company, is calling in outside experts to judge the safety of its work in genetic engineering.

The study, announced yesterday, is in response to concern in Germany about the possible risks to human and animal health from new biological techniques being developed in some parts of the chemicals business, especially involving health care and agriculture.

Mr Hermann Strenger, Bayer's chairman, said in announcing the research that the company was happy to discuss the controversial issues of genetic engineering with the public.

But he warned that development of the techniques in Germany could be hampered by restrictive laws and ill-informed public opinion.

*The study on genetic engi*neering – the artificial manipulation of biological organisms using novel scientific techniques – will cost Bayer DM4m (£1.3m). It will be conducted by a number of independent scientific institutions.

Mr Strenger said companies were unlikely to invest large sums of money in genetic engineering if commercial exploitation of their work was likely to be delayed indefinitely.

## European telecoms tie-up agreed

By Hugo Dixon

EIGHTEEN of Europe's public telecoms operators agreed yesterday to provide their corporate customers with a one-stop shopping service for private telecoms networks.

The deal will mean that companies wishing to link far-flung European operations with private networks will be able to deal with a single operator for ordering, billing and reporting faults. It forms part of the effort by the operators to provide Europe with an effective communications system to aid the creation of the Single European Market in 1992.

At present, companies have to negotiate separately with telecoms operators in each country where they want circuits. Much time is wasted making sure that circuits from one operator dovetail with those provided by other operators.

Customers also face the administrative problem of having to pay separate bills to each operator.

Although yesterday's deal will overcome these bureaucratic problems, it will not lead to price competition among the operators. The price of international private circuits in Europe is between four and 20 times costs, according to a report this year by UK consultant Ovum.

The European operators are discussing extending one-stop shopping to packet-switching and video-conferencing, although these talks are not far advanced.

# Defeat for Gardini tax concessions

By John Wyles

THE development of Enimont, Italy's joint public-private chemicals venture, is again being dogged by the issue of tax breaks for Mr Raul Gardini's Ferruzzi-Montedison after a parliamentary defeat late on Wednesday evening for a decree law which would have cleared the way for the concessions demanded by Mr Gardini.

The issue has already brought the Italian government into conflict with the European Commission and in July even prompted Mr Gardini to raise doubts about whether he would pool Montedison's basic chemicals assets with those of Enichem without strict assurances that his immediate tax bill would be reduced by L625bn ($373m).

With Enimont about to be quoted on the Milan stock exchange next Tuesday after a L1,200bn share offering, the government may well announce today how it will respond to the parliamentary defeat. After a negative vote, it cannot re-present the same decree and may well have to launch a piece of ordinary legislation into highly unpredictable parliamentary waters.

Under EC pressure, the original design for Mr Gardini has been revamped into a general policy of tax investments to encourage industrial restructuring. Wednesday's defeat was partly due to absentees from the government side and partly to abstentions among Christian Democrats anxious about encouraging the creation of big industrial groups.

# Official trade unions try to regain initiative

By Quentin Peel

THE beleaguered official trade unions of the Soviet Union, facing the threat of an independent union movement based on the coal miners' strike committees, are seeking to regain the initiative with demands for sweeping new powers from the Soviet parliament.

The latest draft trade union law submitted to the Supreme Soviet would give the unions the right to veto factory closures, to reverse "unjustified" price increases, control the activities of co-operatives – the new private sector – and decide how state enterprise profits are spent.

However, the official unions, members of the All-Union Central Council of Trade Unions *(AUCCTU)*, appear to have dropped their insistence on a veto over workers' strikes, in the face of the fury of the miners' strike committees.

The latest draft for the new trade union law, approved by the AUCCTU before being debated by the Supreme Soviet, reflects the concerns of Soviet workers at growing inflation, and the threat of unemployment from the likely closure of loss-making enterprises.

The unions, in spite of admitting their own failure to keep in touch with workers' grievances, are now seeking the power to block any state enterprise seeking to lay off workers without their approval.

That would run directly counter to the government's declared intention to close down loss-making enterprises – while still guaranteeing future employment to redundant workers.

*Trade union control* over price rises, and the co-operative movement, would also undermine the gradual liberalisation of economic decision-making being introduced under perestroika.

# Spanish conscription challenge

By Peter Bruce in Madrid

A REBELLIOUS colonel, already under house arrest for suggesting the Spanish army could not fight its way out of a paper bag, said it again yesterday, openly challenging the Socialist Defence Minister to toughen his punishment.

The quality of the Spanish military and the usefulness of compulsory military service have dominated the first skirmishes ahead of Spain's October 29 general election.

Col Amadeo Martinez Ingles wants an all-professional army. He wrote as much in a Spanish newspaper yesterday, adding that he did not mind if he never made it to general. "The country thinks we have an operational army – we don't," *he declared*.

Col Martinez has made these points before. His "crime" last week was to repeat himself just as the right- and left-wing opposition parties were climbing onto an end-conscription bandwagon begun by former Prime Minister, Mr Adolfo Suarez, on a populist quest for votes.

He was arrested on the orders of the Defence Minister, Mr Narcis Serra, a sign the Socialist government had been caught off guard by the speed with which the issue was taken up, and unnerved by such "official" sanction for a professional army from a senior serving soldier.

Mr Serra could do without the row. He badly wants to be made foreign minister if, as is likely, the Socialists are re-elected.

One sign of Socialist panic was that they quickly produced their own plan to cut military service from 12 to nine months.

For Col Martinez, this would simply mean an even worse-trained army, and a considerable body of opinion in the army agrees with him.

Given Spain's recent past, and the fact that it has no obvious foreign enemies, many politicians may privately feel that the less efficient the military is, the better.

But politicians are scared of the wide voter opposition to conscription, fuelled by the notoriously high rate of accidental deaths and suicides in the barracks.

According to anti-conscription groups, some 540 soldiers have died, 800 have lost limbs and 8,000 more have been injured during compulsory service in the past five years.

An army study group, drawing on Britain's experience in the Falklands war, recommended establishing a professional army a few years ago. Col Martinez says this could function with 80,000 permanent members, plus a "rotating reserve" of about 20,000 to be drawn from a 400,000-strong home guard.

## Greeks set new election date

By Kerin Hope in Athens

A CARETAKER government will lead Greece to elections on November 5, the second to be held this year, the ruling conservative-communist coalition announced yesterday.

The coalition government, which took power after the Socialists were defeated in an inconclusive poll last June, is to resign next week after completing its three-month mandate to investigate official corruption under the former prime Minister, Mr Andreas Papandreou.

In a secret ballot early yesterday, Parliament decided by a 166 to 121 majority that Mr Papandreou, 70, should stand trial on charges of breach of faith, accepting bribes and receiving criminal proceeds in a $200m banking scandal. The trial is not expected to take place until after the elections.

# Sweden facing high inflation and low growth

**Robert Taylor** on the dilemma facing the Stockholm finance minister

SWEDEN'S finance minister, Mr Kjell-Olof Feldt, is caught in a vice.

On one hand, inflation is far above the OECD average, and likely to stay that way next year – so he is under pressure to take deflationary measures in next January's budget.

He had promised this year to cut income tax by 3 per cent in 1990, in return for union assent to a modest two-year wage deal. This week he caused uproar by casting doubt on whether the pledge could be kept.

On the other hand, expansion is already sluggish and is set to slow next year. Yesterday the government announced an inquiry into the "underlying low-growth" problem.

So the minister faces a real danger of causing a slump.

To make matters worse, the balance of payments deficit looks set to worsen in 1990, mainly because of capital outflow. A visible trade surplus will halve the shortfall on current account, but it will still amount to 2 per cent of GDP.

The thread linking high inflation, low growth and scant room for expansionary policy is a chronic shortage of labour and industrial plant.

With industry already working at full capacity there are simply not the resources available to benefit from increased economic growth. Indeed a boost would stimulate a greater flow of imports and fuel inflation.

Wage pressures are not going to ease. Among Sweden's competitors, only Britain is suffering from a comparable rise in labour costs. This is of particular concern to Mr Feldt, who is concerned about declining competitiveness.

But there is a real danger of industrial conflict this winter if the unions decide to compensate their members for the postponement of tax cuts by re-opening wage deals.

Many economists feel that neither Mr Feldt nor anybody else can rectify the problem, given the tightness of the labour market in a country where registered unemployment is around 1.5 per cent and unlikely to rise.

The dilemma over the January tax cut may only be a harbinger of things to come. A broader tax-cutting reform is due to take effect in January 1991, putting yet more money in most Swedes' pockets.

But if the tax cuts take place at a stroke they could blow the top off an economy which by certain indicators is already overheated.

Hence, the Ministry of Finance's attempts to cool down activity over the next eighteen months.

But the new short-term national compulsory savings plan that came into force on September 1 and due to last until the end of December 1990 has run into political controversy, especially from the pensioners who resent being included.

Yet another worry for Mr Feldt and his advisers is the outlook on investment. This year industrial investment has risen between 8 and 12 per cent but the forecasters believe that it will unchanged or decline in 1990. High tax rates at home are making it more attractive for Swedish companies to invest abroad - hence in part, the widening current account deficit.

Against this background, Sweden's banks are providing a depressing chorus of forecasts. Handelsbanken argues: "Some adjustment in present policy will be required, possibly by means of some restrictive measures or by the money market and the Central Bank jointly pushing up interest rates in Sweden. The need to change policies makes it difficult to believe that a soft landing for the economy will be possible even if the expected slowdown in international activity is mild."

For its part, SwedBank believes "the progressive slackening" of the economy this year and in 1990 will stabilise the current account balance and inflation problems, but not provide a solution. It awaits tax reform to bring a necessary "structural shift", though not a "miracle".

Mr Feldt has on his side a handsome budget surplus. But his other problems are so complex that he will need great skill to impose restraint on a country where few people seem inclined to see the economic danger.

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# Britain will support mercenary extradition

By Michael Littlejohns, UN Correspondent

BRITAIN would not stand in the way if Colombia sought the extradition of British mercenaries alleged to have trained Colombian drug gangs, Mr John Major, the Foreign Secretary, said yesterday.

If there was such involvement he regretted and deplored it, but he had yet to see the hard evidence, he told a UN press conference.

Asked about reports that troops of the Special Air Service would go to Colombia as part of an aid programme he announced in the General Assembly on Wednesday for the fight against the drug cartels, he said British soldiers with the greatest expertise in dealing with terrorism would be chosen. It was not clear whether that meant the SAS.

He stressed that British troops would be engaged only in training the Colombians and would be few in number. The cost of British assistance would run into "millions" and be part of a "continuing package – not a one-off."

Mr Major expressed admiration for Colombian President Virgilio Barco, a leader "of the most enormous courage" who must be offered all the international support he needed in the fight against drug trafficking. Dr Barco is to address the UN today on the problem.

Mr Major was pressed on Britain's new package of proposals to reassure the people of Hong Kong about their situation when the colony passes to China's control in 1997, but he would not go much beyond what he disclosed to the general assembly. He declined to say how many people in the colony would be covered by an offer of resettlement in Britain, noting that the proposed package was still under discussion.

"The objective of all of us is not to delude Hong Kong," he said. "Our objective in the short, medium and long-term is to sustain Hong Kong as the successful free enterprise centre it is now. It is in our interest, it is in Hong Kong's interest and it is in China's interest."

# No room for the poor in the golden 1990s

## Peter Norman sums up global economic outlook from the IMF/World Bank meeting

THIS year's annual meeting of the International Monetary Fund and World Bank ended yesterday in a new spirit of optimism. Policy makers from the industrialised countries appear increasingly convinced that the spread of market-oriented economic policies throughout the world and a new industrial revolution linked to the use of computer technology may be creating a new era of sustained growth.

But the belief that the 1990s may be a golden age for the developed world has thrown the problems of the heavily indebted and poorest developing countries into sharp relief. Mr Jacques Attali, the special adviser of French President François Mitterrand, summed up the mood of many when he told a private seminar on the world economy: "We are at the beginning of a long term period of growth worldwide."

According to Mr Jacob Frenkel, head of the IMF's research department, the average growth potential is now around 3 per cent, about one percentage point higher than in the 1970s.

It was left to Mr Barber Conable, the World Bank president, to remind the IMF annual meeting that "the development needs of the 1990s will be enormous." The world, he said, "had to overcome stagnation in Africa, to move beyond debt paralysis in Latin America and elsewhere, to offer growth and hope to Asia's hundreds of millions of poor people, to assist reform and renewal in countries moving away from centrally planned economies and to reverse the degradation of developing countries' natural resources."

Despite buoyant world trade, eight years of growth in the industrialised world had not trickled down to many developing nations. The growing gap between the rich and poor nations may thus become the central issue for economic policy makers in the 1990s.

The catalogue of woes facing Poland were typical of many countries. Unveiling his dramatic plan to move towards a market based economy, Mr Leszek Balcerowicz, the Polish Finance Minister, said that average living standards in Poland were below those of 10 years ago. He said the number of people living below the poverty line had risen sharply. The ecological crisis in parts of the country was catastrophic. Hyperinflation threatened social stability while industrial production was declining.

Free market economic policies may have been instrumental in boosting the economic welfare of the industrialised countries. But they are a harsh taskmaster. As the industrialised nations continue to grow, it will become increasingly difficult for debtor nations to catch up. In terms of gross national product, Japan's economy already dwarfs that of Africa. West Germany's is larger than that of India, whose population is ten times greater.

Yet this year's annual meetings offered little to the poor. The debt reduction plan of Mr Nicholas Brady, the US Treasury Secretary, is beset with problems of implementation. There was no willingness on the part of governments to extend the so-called Toronto terms of official debt relief to poor countries outside Africa. The US blocked a replenishment of funds for the International Development Association, the World bank's soft loan affiliate, that provides concessional finance for the poorest developing nations.

It is debatable whether the gulf in living standards between the industrialised and developing world can continue without social breakdown. Information crosses national borders as never before, boosting expectations and hopes and triggering emigration from the poor nations to the industrial countries. Countries with grave economic difficulties could face public order problems. Mr Balcerowicz, for example, stressed that the hardships that will be unavoidable under the new Polish government's economic reform programme could sap the government's popular support and create potentially explosive social conditions.

One positive aspect of the past week's discussions is that longer term issues such as demographic change are getting onto on the agenda of policy makers in the world's leading industrialised countries.

After many years in which policy co-ordination appeared to focus on crisis management, this year's discussions also encompassed broader questions such as the low level of savings world-wide and the consequent threat of a shortage of funds for investment.

But there was also a clear understanding that policy co-operation, while essential in an interdependent world, is no substitute for sound economic policies at home. Nowhere is this truer than in the developing world where many countries still have to attack corruption and inefficiency.

Child poverty in Colombia: the growing gap between the rich and poor nations may become the central issue for economic policy makers in the 1990s.

# Brazilian election favourite tumbles

By Ivo Dawnay in Rio de Janeiro

MR Fernando Collor de Mello, the front-runner for months in Brazil's presidential election race, is tumbling in the opinion polls. Two surveys yesterday show support for the former governor of tiny Alagoas state down from over 40 per cent to 35 per cent or lower.

The findings indicate the volatility of voters in what will be the first free presidential election in Brazil for 29 years after two decades of military dictatorship.

For the first time since Mr Collor's surge into the lead in June, however, observers are not ruling out the possibility of his failing to win the first stage of the French-style elections, which begin on November 15.

But the bad news for Mr Collor has not improved the fortunes of his nearest rival, Mr Leonel Brizola, the veteran socialist and former Rio de Janeiro governor. He remains stuck at around 15 per cent in the polls, with many voters apparently repelled by his radical populism and hectoring campaign style.

The beneficiaries of Mr Collor's decline are three very different candidates currently tied in third place at 7 per cent, according to the Datafolha poll, carried in the Folha de Sao Paulo newspaper.

These are Mr Paulo Maluf, the rightwing ex-governor of Sao Paulo, Mr Luis Inacio Lula da Silva, leader of the socialist Workers' party (PT), and Mr Guilherme Afif Domingos, an advocate of freer trade and neo-liberal economic policies. Mr Ulysses Guimarães, the veteran leader of the biggest party, the Brazilian Democratic Movement (PMDB), is stuck near the bottom of the polls with a humiliating 3 per cent of voters' preferences.

Political commentators attributed Mr Collor's decline to rivals' relentless attacks on his ability in the free daily election broadcasts.

# UK in airline complaint to US

By Peter Riddell

OFFICIALS from the British Department of Transport have expressed concern to the Bush administration about possible tighter US restrictions on foreign investments in US airlines such as British Airways' proposed 15 per cent stake in United Airlines.

A British Embassy spokesman yesterday confirmed that Transport Department officials had been in Washington this week for talks with their opposite numbers which had been arranged well before the BA/UA situation arose.

However, the British officials used the opportunity to talk about the implications of the BA/UA deal. They repeated the long-standing UK belief in free flows of investment between countries and opposition to new restrictions which might discourage such investment.

The Washington Post reported yesterday that Mrs Margaret Thatcher has personally expressed concern to US officials, but the White House has said there had been no communication of any kind.

# Bush to set national goals for education

By Peter Riddell, US Editor in Washington

PRESIDENT George Bush yesterday agreed with state governors to set national goals for the US education system after a two-day summit in Charlottesville, Virginia, the home of Thomas Jefferson, one of the founding fathers and advocate of an "enlightened America."

Aiming to fulfill his pledge to be an education president, Mr Bush called the first governors' summit for more than 50 years where a series of sessions were held aimed at clarifying national goals and standards needed to revive the patchy and much-criticised US education system.

While most participants claimed the discussions had been a success, the forthright Mr William Bennett, the former Education Secretary and now national drugs co-ordinator, said there had been the "standard Democratic and Republican pap with an occasional outburst of candour. Much of the discussion took place in the absence of any knowledge of what goes on in school."

However, Governor Bill Clinton of Arkansas, the co-chairman of the Governors' Education Task Force, commented yesterday that national performance goals would be set that committed the US to an international standard of competitiveness in education: of performance in mathematics and science, in the availability of training for children not going to college and the accessibility of college education.

Detailed work on measurable performance standards will now be undertaken before February's meeting of the National Governors' Association.

Several governors urged a reduction in Federal regulation to permit greater flexibility in use of funds provided by Washington.

In general, the governors avoided the politically delicate issue of increasing Federal aid to schools, partly to avoid being accused of being big-spenders by the White House.

# Pöhl is front-runner to lead EC banking body

By Peter Norman, Economics Correspondent, in Washington

MR KARL Otto Pöhl, the West German Bundesbank President, has emerged as front-runner to head the European Community's committee of central bankers from the end of this year.

This reflects the wish of the West German authorities to see central banks firmly in charge of monetary policy as the EC moves towards economic and monetary union. The committee is destined to play a greater role in co-ordinating economic and monetary policies in Europe during stage one of the Delors plan for economic and monetary union which begins in July next year.

Mr Pöhl, who heads the community's most powerful and independent central bank, is seen as the man most capable of countering the ambitions of certain European countries, led by France and the European Commission, to have the EC economics and finance ministers play a greater role in co-ordinating monetary policy.

An indication of the West German Government's position emerged at a privately organised conference here on future developments in monetary affairs.

It is expected that Mr Pöhl's appointment will be confirmed in December. He would take over from Mr Demetrius Chalikias, the Greek central bank governor, whose one year term expires at the end of this year.

# US presses for redress over bases in Japan

By Robert Thomson in Tokyo

THE US government, risking increased friction in relations with Japan, has demanded compensation from 145 Japanese construction companies accused of rigging bids and overcharging for work on US military facilities near Tokyo.

The compensation demands, which reportedly total Y15bn (£65m) and were made in letters sent by lawyers on behalf of the US Government, could cause cause a backlash in Japan, where US military bases are a sensitive issue.

A US embassy official confirmed that the letters had been sent, and said that the Department of Justice is "considering filing civil actions for compensation for damages as a result of bid-rigging by those firms." The action is the first of its kind against such bidding cartels, which have been a source of trade irritation in Washington.

The US demand arises from construction work at the Yokosuka naval base between 1984 and 1987, when the companies allegedly organised bids at unfairly high prices after having established a "U.S. Military Construction Safety Technology Research group".

It is claimed that the 145 contractors fixed prices for 278 military orders valued at Y19.3bn, which included overcharging of about Y5bn.

Member companies of the group were admonished last December by Japan's Fair Trade Commission, which found that they negotiated among themselves prior to bidding and fined 70 of them Y289m.

The Construction Ministry also punished 105 companies by suspending their right to receive orders for one to two months and condemned them for "repeatedly fixing bids despite the fact that the ministry had advised them against it".

Mr Yasuo Satomi, president of Taisei Corporation, which is the construction industry's largest corporate group, received one of the letters last week: "We want to check in detail whether this action is legally valid, and what the basis is for the amount of compensation."

Two types of letters were received by companies, one sent by a Japanese lawyer claiming to represent the U.S. government and demanding a total of Y5bn, and another sent by a U.S. lawyer on behalf of the Justice Department and demanding a total of Y15bn.

The claim highlights the close relationship among Japanese construction companies that foreign companies regard as collusion to ensure that outsiders do not win contracts.

# Ferdinand Marcos: giant reduced by his own greed

FERDINAND MARCOS, the disgraced former President of the Philippines, who died in exile in Hawaii yesterday aged 72, was his country's longest serving leader since independence. He was also ultimately the most disappointing, fostering economic decline and rampant corruption from which the country has yet to recover.

*A dashing war hero – although his* account of some of that is now in serious doubt – and a successful lawyer-turned-politician, he achieved early popularity and wide respect. But that evaporated as he became increasingly autocratic, the economy deteriorated, corruption ate away at the country's heart and underground opposition grew.

He was able to survive in power for so long probably only because successive US administrations provided such strong and unquestioning support, regarding him as a bastion of anti-Communism in an unstable part of the world. US regional policy made the air and naval facilities in the Philippines an over-riding defence priority, forcing president after president to overlook the Marcos excesses and court his as being among the most important and reliable friends of the West. This craven attitude in Washington changed only when the people of the Philippines had demonstrated beyond doubt that even US support could no longer save the Marcos regime.

The beginning of the end of his regime was probably the assassination at Manila airport in August 1983 of his most potent critic, Benigno Aquino, the opposition leader who was returning from exile in the US.

His crisis-filled life began in Ilocos Norte on the northern tip of the Philippines archipelago. Ferdinand Marcos was the eldest of four children and is said to have learned fortitude and self-discipline from his politician father, and an obsession with success from his teacher mother.

Marcos: imposed martial law

His first appearance on the public stage was sensational when, at 18, he was accused of shooting a politician. He studied for his bar examinations in jail, topped the list with a record score and secured his acquittal.

Later, in the 1939-45 world war his front-line daring against the Japanese earned him more than 30 medals – some of which are now disputed – and he reached the rank of major.

He soon turned to politics and became a representative for Ilocos Norte at 32. Five years later, in 1954, he married Imelda Romualdez after a whirlwind 11-day courtship.

She came from a background at times so impoverished that she spent part of her childhood living with her family in a garage, events which produced such a thirst for success, glamour and recognition that she refused to accept defeat in a beauty competition and persuaded the judge to change his mind and make her Miss Manila.

Although Mr Marcos was a member of the Liberal Party he was elected Senate President with the help of the rival Nationalistas. He switched parties to contest the presidency in 1965 and duly defeated President Macapagal.

Four years later he became the first president ever to win re-election; but by then, it now transpires, he was already deeply mired in corruption, the first of many irregular secret Swiss bank accounts having been opened by him with a $1m deposit in 1967.

In 1972, ahead of another election which he was constitutionally barred from contesting, and amid growing opposition to his rule, he imposed martial law. From then on, the accretion of power escalated inexorably.

Through skilful use of patronage and an arsenal of security powers, Mr Marcos methodically neutralised his opponents – in the military, the bureaucracy, the corporate sector, the unions, the press, and, above all, the political parties.

He built up his circle of appointees, friends and associates. Among those to benefit were Imelda's own Romualdez family – her brother was a provincial governor and ambassador to the US – Eduardo Cojuangco, the Philippines coconut king, and Roberto Benedicto, the country's sugar magnate.

Above all, Mr Marcos created the impression of being a man of action. Always in charge. He would order this, decree that, promise something else. Few days would pass without the president or his first lady on the front pages or the TV news. Yet he established few new political institutions and no visible successors. He became extremely wealthy.

Much of this was tolerated among the people at large. The Marcoses broke hated monopolies, did some good works and cleverly marketed their prestige projects, including the most extravagantly grandiose and monumental of Mrs Marcos's string of unnecessary public buildings.

The lifting of martial law in 1981, though it left Mr Marcos's extraordinary powers virtually intact, was well received. Even after the brutal killing of Mr Aquino, which many blamed on the military, it was still possible to find some support for Marcos among Manila's slum dwellers.

He escaped personal blame for the Aquino slaying. But the evident corruption, brutal tendencies, the persistent Communist-inspired guerrilla insurgency, and the collapsing economy combined to bring him down once the population.

Ironically it was Mrs Corazon Aquino, widow of Benigno, a devoutly Catholic, simple, almost naive housewife of homely charm and honesty who rallied the nation behind her to beat Mr Marcos in the February 1986 elections, forced by the US as the internal security of the Philippines deteriorated alarmingly.

Her victory was so overwhelming that the fraudulent attempts to negate it by the well-oiled election-fixing machinery of his party could not prevent a popular uprising in support of Mrs Aquino. Within three days, with the military deserting him, Mr Marcos and his family had to accept a US offer of exile and flee by night to Guam and then on to Hawaii.

Even then Mr and Mrs Marcos were unable to live in quiet exile. They courted publicity, were caught more than once plotting to return home and accused the US Government which had offered them refuge of holding them prisoners. President Ronald Reagan, who had considerable sympathy for the plight of "an old friend of the US" distanced himself from the pair.

The Justice Department then alleged that Marcos had abused sanctuary by continuing his corrupt financial practices within the US. In October 1988 Mr and Mrs Marcos were indicted in New York on charges of embezzlement, racketeering and fraud in the US.

Mrs Marcos appeared in court in November 1988 to deny the charges and was released on $5m bail. Mr Marcos failed to appear, citing ill health, as he had done to avoid giving evidence to a Grand Jury investigating his financial affairs in Virginia the previous year.

In more months it became clear that he was grievously ill, surviving only with the help of a vast array of medical machinery. In the end, he succumbed without setting eyes again on the country which he loved so well but whose people he served so badly.

# Swift action unlikely on NTT break-up proposal

By Stefan Wagstyl in Tokyo

A Japanese Government advisory body is expected to propose that Nippon Telegraph & Telephone, Japan's telecommunications utility, should be broken up in order to promote competition.

The recommendations, which are due to be formally announced on Monday by a committee attached to the Ministry of Posts and Telecommunications, are unlikely to be implemented in the near future. But they will increase the pressure on NTT, which is fiercely opposed to being dismantled, to answer charges contained in the report.

These include claims that the management structure of NTT, which has 277,000 employees, is unwieldy and top-heavy, and that it can exert undue influence on its suppliers because of its huge size.

The committee report is expected to urge NTT to try to solve these problems through corporate reorganisation, including devolving decision-making to its 10 regions.

Three ways of reorganising the company are likely to be suggested. These include splitting NTT into two companies, one specialising in long-distance and one in local calls, or alternatively splitting into several regional companies. A third option would be to reorganise it into one long-distance company and several regional companies.

Of these, the committee is thought to favour the latter, although it is also deeply concerned about the high costs of break-up.

Politics will inevitably play a part in that decision. Some officials at the Ministry of Posts And Telecommunications have resented the freedom granted to the independent NTT. They believe that the Recruit financial, in which senior NTT executives were implicated, has added weight to the argument that NTT is too big to manage.

# Opposition tries to end Japanese consumption tax

JAPANESE opposition parties submitted a package of four bills calling for abolition of the newly introduced 3 per cent consumption tax to the opposition-controlled house of councillors yesterday, Kyodo reports from Tokyo.

A showdown between the ruling Liberal Democratic Party and other parties over the tax is expected during an 80-day diet session, which was convened yesterday.

The opposition aims to pass the bills through the upper house and force the Government and the LDP to dissolve the House of Representatives, political analysts said.

Hiroshi Mitsuzuka, chairman of the LDP's policy affairs research council, criticised the proposal, saying the opposition camp is irresponsible not to show a concrete plan for tax reform.

The opening ceremony for the session, which lasts until December 16, was held in the presence of Emperor Akihito.

● Mr Shin Kanemaru, an LDP elder statesman, yesterday forecast that the general election would probably be held in February next year.

Children in Moslem West Beirut dismantle a sandbag barricade from outside their block of flats which had protected it for six months of shelling.

● Christian legislators have agreed to attend a weekend meeting of the Lebanese Parliament in Saudi Arabia, but will not debate political reforms unless the Arab League guarantees a Syrian withdrawal from Lebanon, it was reported yesterday, AP writes. The stand emerged at a meeting on Wednesday between the MPs and Gen Michel Aoun, the Christian leader. An Arab League committee of King Fahd of Saudi Arabia, King Hassan of Morocco and President Chadli Bendjedid of Algeria called for the parliamentary meeting tomorrow as part of a seven-point peace plan they announced two weeks ago.

# Australian banks cap mortgage rates at record 17%

By Chris Sherwell in Sydney

AUSTRALIA'S Big Four commercial banks yesterday agreed to cap politically sensitive mortgage rates at the current record level of 17 per cent, after the government lifted their returns on compulsory deposits with the Reserve Bank.

The extraordinary deal was unveiled by Mr Paul Keating, the federal Treasurer, following meetings with the banks and the Reserve Bank, and headed off an expected one percentage point rise in home loan rates to 18 per cent.

But it was promptly condemned as "desperation stuff" by Dr John Hewson, the opposition's shadow Treasurer, who said the government was preparing the ground for an early election, perhaps in December. A poll is not due until mid-1990.

Under the terms of yesterday's arrangement, the Reserve Bank will no longer pay the low five per cent interest on the "non-callable deposits" which banks have to make with it. Instead it will pay five points less than the amount available on Treasury notes – now around 17.4 per cent.

The Reserve Bank's sharply increased interest payouts, said to be worth hundreds of millions of dollars to the banks, entail a loss to government revenues through the Bank, and to that extent mark a relaxation of policy.

But they lessen the penalty suffered in the current high interest rate environment by commercial banks compared to non-bank financial institutions, which do not make such deposits.

The result is that the banks can avoid lifting their mortgage rates, which they have recently been subsidising as the cost of funds in the money market has risen.

Home ownership is so much part of the Australian dream that the government earlier rejected another option, to end its existing cap of 13.5 per cent on pre-1985 mortgages.

Regulated mortgages still account for more than 30 per cent of the total home loans outstanding. This fact, together with the banks' willingness to lengthen home loan terms and to adjust interest only once a year, helps to explain why rising mortgage rates have not damaged the government even more.

Yesterday's developments are thought to have contributed to a weakening of the currency on the Sydney foreign exchange market. On a trade weighted basis the Australian dollar finished at 60.1 (May 1970=100), down from 60.8.

On Monday it had climbed to 61.5, its highest since April, on expectations of higher interest rates after last week's poor balance of payments figures. Mr Keating has twice since then ruled out a further tightening of monetary policy.

# Action urged against apartheid

By Robert Mauthner, Diplomatic Correspondent

THE Commonwealth Heads of Government meeting in Malaysia next month should continue to seek united action to end apartheid in South Africa, in spite of differences between Britain and the other members over sanctions, Sir Shridath Ramphal, the Commonwealth Secretary-General said yesterday.

Introducing his 1989 report on the Commonwealth, Sir Shridath also proposed the setting up of Commonwealth observer missions to monitor elections in member countries and to ensure that they were genuinely democratic.

South Africa will again be a major item on the agenda of the 40th anniversary meeting of the Commonwealth, which will also see the return of Pakistan to the organisation, 17 years after it quit in a row over the recognition of Bangladesh by other members.

However, Sir Shridath, speaking at a luncheon of the Diplomatic and Commonwealth Writers' Association in London, did not expect the Kuala Lumpur meeting to see a repetition of the virulent arguments between Britain and the other members over sanctions, which dominated previous meetings of the Commonwealth leaders. They had agreed to disagree on this matter and would pursue their separate paths.

The Commonwealth (Britain apart) would continue to use the pressure of sanctions to persuade South Africa to end apartheid and to mobilise wider international opinion to this end. The Committee of Foreign Ministers on Southern Africa, chaired by Canada, but which does not include Britain, had confirmed the Commonwealth's overwhelming view that sanctions, as a tool of political pressure, had worked and could be made more effective.

In the immediate future, the Committee placed much store on intensified financial pressure on South Africa through debt rescheduling and bank lending. "A unanimous Commonwealth call on the international banks not to give comfort to Pretoria but to exert every pressure for fundamental political change, could be of major significance," Sir Shridath said.

Plainly unimpressed by the performance of Mr F.W. de Klerk, the new South African President, so far, Sir Shridath said the Commonwealth was clear about what Mr de Klerk had to do to translate his promises into practice. "The tragedy is that, as we move away from electoral rhetoric to government action, the prospects deteriorate sharply.

"Already, on his own statements, Mr de Klerk is shedding credibility in a manner reminiscent of woodland waterfowl that shed their plumage when the mating season ends."

# Unions support Korean car workers

By Maggie Ford in Seoul

UNIONS at South Korea's four car manufacturers have pledged support to the trade union at Tong Il Corporation, a major car parts supplier owned by the Unification Church, known as the "Moonies."

Tong Il's union leaders say that the company has sacked 60 union activists since 1985, and has closed down and sold a factory employing 256 people to another church-owned company to break the union.

Workers allege violent intimidation has been used and that the company has withheld wages and bonuses worth Won 3bn (£2.8m) affecting 3,200 workers.

Tong Il's management was not available for comment.

Tong Il has a virtual monopoly on supply of transmissions to the South Korean motor industry which was hit by stoppages in the components industry earlier this year.

The dispute marks the first time that unions in a sector have agreed to act in support of workers from a different company. The Tong Il union also has the support of the Korean branch of the metalworkers federation, which has called for international support for the workers.

The dispute could have a serious effect on production in the motor industry as a whole. Workers in other factories are organising a signature campaign to put pressure on the Church and have urged the Government and the National Assembly to investigate the case.

# Airline pilots reject arbitration efforts

By Chris Sherwell

AUSTRALIA'S pilots yesterday rejected official mediation of their six-week-old pay dispute with the domestic airlines, dashing hopes of a quick return to normal services.

The Industrial Relations Commission (IRC) adjourned after failing to break the deadlock between the Australian Federation of Air Pilots (AFAP) and the three domestic airlines, whose position has been backed by the Labor government.

Mr Barry Maddern, IRC president, said the postponement was in order to consider further action on how to settle the dispute, which has left the country's air services and the tourism industry in chaos. He did not elaborate.

Mr Terry O'Connell, AFAP executive director, said that the pilots did not need arbitration, but wanted direct talks with the airlines on the 30 per cent pay raise demand.

But the domestic carriers, Australian Airlines, Ansett and East-West Airlines also *adopted a tough stance*, refusing to negotiate with the AFAP and maintaining their right to sign individual contracts with pilots.

The AFAP decision to reject arbitration was a blow for the Industrial Relations Commission, the country's principal conciliation and arbitration body, which stepped back into the dispute earlier this week in a bid to end the impasse.

Its failure *means* continued air travel difficulties for the public, further injury to the valuable tourist industry and additional disruption to business and commerce. For the Labor government, it promises further embarrassment.

Unless some other mediator steps in, the airlines will have to press ahead with plans to rebuild their industry by *recruiting* new pilots.

The 1,640 pilots, represented through the Australian Federation of Airline Pilots, resigned their jobs en masse last month in support of a 29.5 per cent pay claim.

*The airlines*, backed fully by the Labor Government and leaders of the trade union movement, initially insisted that the pilots commit themselves to the country's centralised pay-fixing guidelines, *which* are administered by the Commission and provide for 6 per cent increases.

The airlines have since dropped recognition of the pilots federation, and urged pilots to sign up on higher-paying individual contracts while jobs were still available.

Yesterday the tactics used by the airlines and government against the pilots federation were attacked in a motion brought by left-wing unions in the Australian Congress of Trade Unions (ACTU), the country's principal trade union body, which is holding its biennial meeting in Sydney.

But Mr Bill Kelty, secretary of the ACTU – and government ministers, including Mr Bob Hawke, the Prime Minister – continued to attack the pilots for their actions. Mr Hawke repeated that the airlines would go on rebuilding operations without the pilots federation.

Following a three-week grounding of the domestic carriers' flights, an estimated 50 per cent of normal demand is now *being met* through alternative services.

# Iraqis find times can be bleak in a post-war world

## Victor Mallet reports on the country's economy a year after the end of the Gulf War with Iran

TIMES are hard in post-war Iraq, particularly if you are a man looking for a wife.

A typical Iraqi can earn 150 dinars a month, worth *$450 at* the official rate of exchange but only a tenth of that on the black market. The bride price could be as much as 5,000 dinars, and annual inflation is around 40 per cent. Some men are old before they marry.

In spite of the ceasefire which stopped the Gulf War against Iran more than a year ago, these are difficult times for the Government as well. *President Saddam Hussein's* internal security services are as active as ever, but they have been unable to prevent a mysterious wave of violence during the hot summer months.

In July several people were reported killed in a night-time battle in central Baghdad between soldiers and police. The confrontation, diplomats believe, had its origins in an argument involving troops trying to return to their units from the city's main bus station. Since then several home-made bombs have been planted in Baghdad in a campaign which seems to have been directed *against foreigners*.

In one of the latest incidents in September three grenades were thrown into a crowd of expatriates watching a film at the British club, badly injuring a nine-year-old Polish boy and hurting 24 other people. In the same week a bomb exploded in a Baghdad street. Both incidents coincided with an international cultural festival in Babylon, where President Saddam *is being hailed as a latter* day Nebuchadnezzar.

Whether the perpetrators are members of Dawa, a shadowy Shia Moslem movement, Kurdish guerrillas or some other opposition activists, they have several popular grievances to exploit. Ordinary Iraqis are bitter about their inability to travel without exit visas, angry about the 70,000 prisoners of war still held by Iran, and resentful of the *nouveaux riches* traders and exiled bourgeoisie who did well out the war and are now profiting from the Government's economic liberalisation measures.

*Many Iraqis* are at a loss to understand why consumer goods are so difficult to find – or so expensive – when the war is over. They are not always aware of Iraq's $65bn to $80bn debt burden.

Government ministers are conscious of the strains on the economy and public tolerance, although they refuse to contemplate a *multilateral debt rescheduling* agreement or recourse to the International Monetary Fund. No official financial statistics are released.

"There are two things I'm concerned about – debt and inflation," says Mr Hikmet Mukhalif, the Finance Minister. He sees no merit in a devaluation of the dinar, which would push up inflation and do little to encourage exports, since they are mostly oil shipments already denominated in dollars and sold by the state. "With over-valuation," he says, "while other factors are all the time pulling prices up, I am putting *prices down*."

The Government believes that state-led industrialisation will eventually pay for itself, but in the meantime it is pursuing a number of other policies to revitalise the economy and dampen popular discontent. As soldiers are demobilised following the ceasefire, it has started to squeeze out the 2m migrant workers – mostly Egyptians – who kept the *country going during the war* but also repatriated some $1.5bn a year in foreign exchange. The amount each worker can send home has recently been sharply reduced.

President Saddam and his ruling Baath party, while willing to pay hard currency for foreign expertise in petrochemicals and heavy industry, have at the same time instituted a labour-intensive crash programme *to* rebuild the war-damaged southern cities of Basra and Faw with local resources.

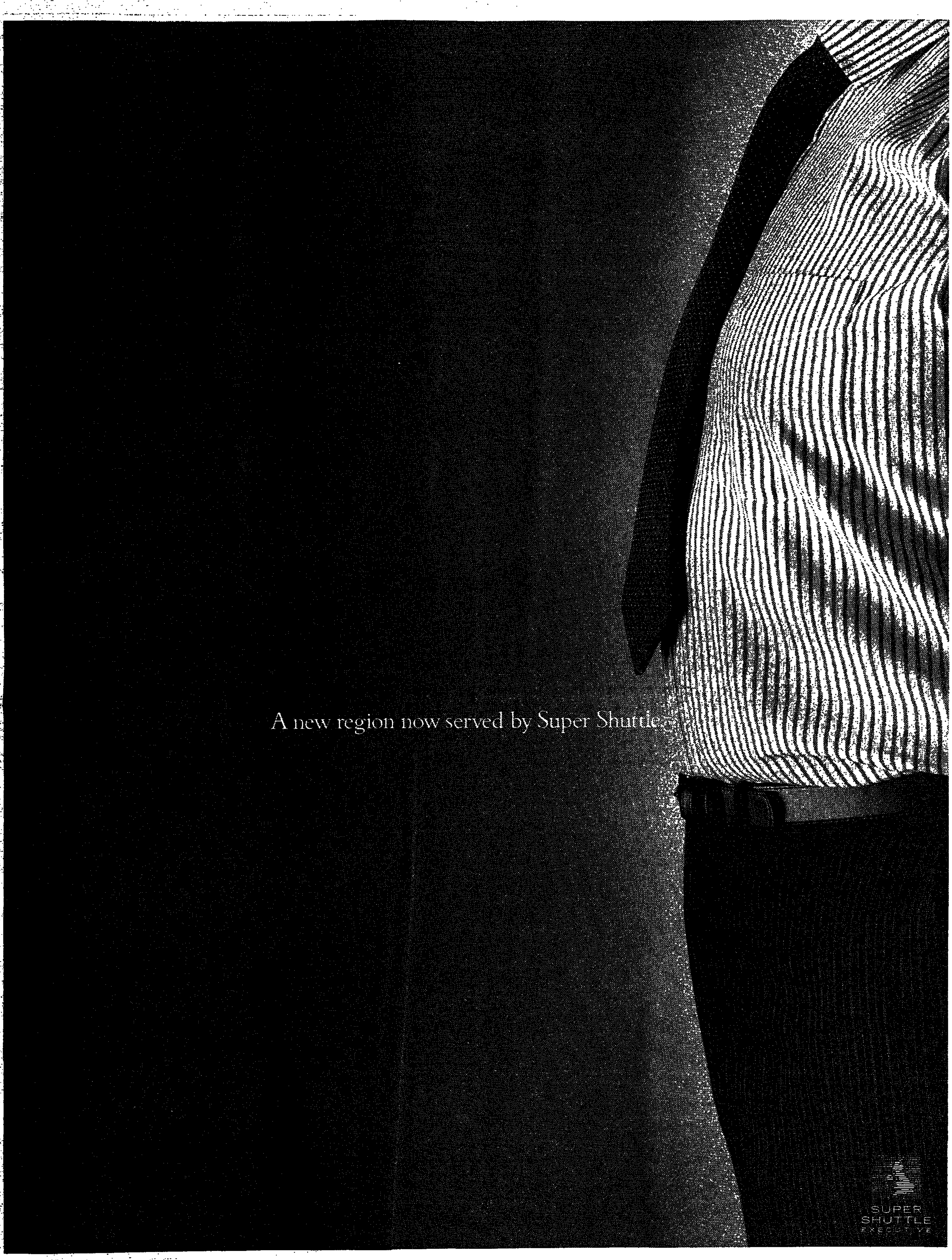
Last year they decided to allow Iraqis to use foreign currency illegally held abroad for badly-needed imports, with no questions asked. This relaxation of Baath socialist ideology had an immediate effect. Consumer goods worth an estimated $2bn have flooded into Iraq, but high prices have further alienated the poor.

Privatisation has also proved to be a two-edged sword. Over the last two years, dozens of state farms, food processing *factories and textile companies* were sold off to the wealthy and the well-connected. Retail price controls on vegetables were lifted, only to be hurriedly reintroduced when prices soared. Subsidies on other basic foods remain.

There is even talk of a Baghdad stock exchange and of the possibility of private banks. A new state commercial bank, the Rashid Bank, has already *been established to compete* with Rafidain. "We are heading for the open market definitely," says Mr Mukhalif. "We are moving towards privatisation as much as the private sector capacity can absorb."

For the moment, however, the privatisation drive appears to have run out of steam. Private businessmen lack the management skills – or are not prepared to take the risks – to invest in the big hotels, the national airline or large industries. Arab investors from other countries, invited by Iraq to put their money into the post-war economy, have been *less than enthusiastic*.

Political reform is also on the Iraqi agenda, and the National Assembly is considering the merits of allowing political parties, press freedom, and presidential elections. Opponents of President Saddam dismiss this as window-dressing to please the international community, and nobody believes that he will relax his fearsome grip on political *power*.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## WORLD TRADE NEWS

# US urged to liberalise rules for East bloc trade

By Nancy Dunne in Washington and David Goodhart in Bonn

THE US is coming under renewed pressure from Western Europe and Japan to liberalise the 15-year-old rules of the Co-ordinating Committee for Multilateral Export Controls (CoCom) on the export of machine tools to the Eastern bloc. Talks are taking place this week and next within the Paris-based CoCom on the products, crucial in advanced weapons manufacture.

Despite the pressure for liberalisation, led by West Germany, a year of talks within the Reagan and then Bush administrations has failed to produce a position the various US agencies can unite on.

As is usual the Pentagon is taking the hardest line, contending the Soviets are incapable of producing – and should not get – tools with a slide position accuracy of plus or minus 10 microns. The Commerce Department is reportedly prepared to back the export of more sophisticated machines, up to plus or minus 5 microns. Most European countries want to go down to the "green line" established for Chinese exports of 2 microns.

The US machine tool industry, which supplies only 1 per cent of Eastern bloc imports, is hoping for more business, but mainly through more effective *harmonisation* of the way the CoCom rules are applied in different countries.

Mr Jim Mack, a spokesman for the National Machine Tool Builders Association, said the unclear language of the present rules has worked against the US industry. When there is doubt about a sale the US Government goes to CoCom for a ruling, while other CoCom members just permit the sale. Poor enforcement by CoCom partners has added to the US's competitive disadvantage.

West Germany on the other hand, which dominates the market in Eastern bloc tool imports, claims that the relatively strict rules on machine tools – many of them dating

**The US contends that poor enforcement by its trade partners is giving it a real competitive disadvantage in sales**

back to 1970 – is a classic case of the US abusing the CoCom rules for industrial policy reasons.

West German officials argue that the rules have remained strict because the US industry is unable to compete in the machine tool sector, while they have been significantly relaxed in computers where the US is more competitive.

The West Germans also argue that the Pentagon is refusing to accept the solid evidence that the East Bloc can *already make 2 micron* machine tools, of adequate quality and quantity, itself. Technical experts say that the East Germans were displaying such machines at the Machine Tool Fair in Hanover, West Germany, earlier this month.

Another Pentagon argument which the Germans, and others, take issue with is that on foreign availability. Normally if an Eastern bloc country can easily acquire a certain category of equipment from a non-CoCom country that category is then dropped from the CoCom list.

However, on machine tools the Pentagon is saying that as long as talks with non-CoCom countries – such as India, Sweden, Taiwan and Switzerland – are continuing, with a view to seeking voluntary export restraint in this sensitive field, then the organisation should not give up the fight.

Yet another leg of the argument between the US and most other CoCom members concerns the power of the computers used in the machine tools. The US wants a 16 byte ceiling but the Europeans and Japanese want a different measuring system which would allow some 32-byte computers, still banned by CoCom.

The West German machine tool industry is becoming increasingly impatient with what it considers to be the many out-dated restrictions on potential sales. At the beginning of the decade the industry made an important step forward in integrating computers and lasers into machine tools which has given it a commanding market share in the arms industries of many countries, including the US.

# EC attacked over 'dumping'

By William Dullforce in Geneva

THE US and Hong Kong stepped up their attack on the European Community's anti-dumping policy yesterday. They put forward separately in the Uruguay Round talks proposals for controlling the application of rules of origin for imported goods or their components.

Mrs Carla Hills, the US Trade Representative, foreshadowed the US initiative earlier this month during her six-day European tour.

Then she was heard to complain about the "ambiguity" of the rules that the EC was using to determine the local content of electronic office equipment.

In a similar move prompted by the problems its car, semi-conductor and other electronic manufacturers have faced in exporting to the Community, Japan last June asked the General Agreement on Tariffs and Trade to establish guidelines for determining rules of origin. The US yesterday submitted a three-part proposal for harmonising the rules to the group negotiating on non-tariff barriers to trade.

Initially Gatt should seek the technical help of the Brussels-based Customs Co-operation Council to determine when transformation of a product is enough to confer "origin" and to identify those products which are subject to rules of origin that differ from the primary rules used by individual countries.

The resulting report, which should be completed within one year, would be the basis for negotiating a new agreement.

It would establish time limits for changing the rules, allow for consultation and provide for periodic review and dispute settlement.

Four principles would apply to all origin systems; rules should state what confers origin rather than what does not confer origin – origin should be determined consistently within each national system – rules should be easily understood, uncomplicated and predictable in application – any determination of origin should be reviewable by an independent administrative of judicial authority in the relevant country.

Arguing that any attempt to harmonise rules or origin would not yield results within the time of the Uruguay Round, Hong Kong submitted detailed proposals for strengthening Gatt controls.

A Committee on Rules of Origin would be established to supervise the administration of the rules and investigate disputes, which could in final resort be subjected to Gatt's strengthened dispute settlement mechanism.

■ Mrs Carla Hills, the US Trade Representative, says she is preparing to draw up a retaliation list against South Korea for its restrictions on beef imports, Nancy Dunne reports from Washington.

The dispute has been referred to a Gatt panel. According to Mrs Hills, a report favourable to the US is being blocked by the South Koreans.

# Intel plans I£200m plant in Ireland

By Kieran Cooke and Terry Dodsworth.

INTEL OF California, the world's leading manufacturer of advanced computer chips, is expected to announce expansion plans in Europe next week with a large-scale investment in the Republic of Ireland.

The US company is understood to be on the point of announcing an I£200m ($281.7m) plant in the Dublin area.

Eventually the factory will employ more than 2,000 people, making the American group one of the main industrial employers in the country.

Intel's decision follows months of agonising over its European development policy in the wake of new regulations which give significant cost advantages to local European producers.

These new regulation define locally-made semiconduitors as those which have already gone through the most expensive process of wafer fabrication in Western Europe. The manufacturers of finished electronic products, such as televisions or office equipment, are more likely to buy these semiconductors than imports.

The reasoning behind this is that their finished goods can then qualify more easily as European-made.

This helps to avoid the stiff anti-dumping duties.

Other semiconductor companies, such as Fukitsu of Japan, have already responded to the regulations by announcing sizeable investments in the European Community.

Texas Instruments, the US chip group which has been present in Europe much longer than most overseas semiconductor companies, has also decided to expand with a large new plant in Italy. Up to now, however, Intel has stood out against the trend, saying that it preferred to keep production close to its design and development activities in the US.

This partly reflects the group's tradition of tight operational control and flexibility, methods that have given it a long record of innovation in both memory chips and microprocessors.

The Intel project will be one of the largest industrial start-ups by a foreign company in Ireland.

There has been intense lobbying for it and the project has been won for Ireland against extremely strong competition from several other regions of Western Europe, including Scotland.

Intel had a turnover of $2.87bn last year and profits of more than $450m.

## Loss of subsidies has been no obstacle to Third World sales

# Sails set for Danish windmill exports

By Xueling Lin

FAVORABLE winds are carrying Danish windmill exports steadily upwards. New orders from Spain, India and Egypt have provided the flagging industry with a much-needed boost after the Danish Energy Ministry abruptly cut off all state subsidies from August this year.

"We are almost glad the subsidies are gone," explained Mr Per Krogsgaard, consultant with the Association of Danish Windmill Producers. "It has taken away the pressure of having to prove that it is feasible to use wind power."

The Danish industry holds a leading position in windmill technology. Some 40 per cent of windmills used to produce electricity in the world were built by the Danes. But the sector has leaned heavily on state support.

At its height in 1981, the Danish state gave a direct 30 per cent subsidy on the sale price of every windmill. Over the past five years, however, the hand-outs have become progressively smaller and now have dried up altogether under the present Government which is unsympathetic to state subsidies.

Total exports for 1988 for the entire industry hovered around DKr150m ($20.3m) but a spate of new orders this year from non-traditional countries is expected to boost export figures considerably.

"Demand from traditional windmill fields such as in California is tapering off and the new market appears to be developing in Eastern bloc countries which want cleaner sources of energy," said Mr Krogsgaard.

The Nordtank Energy Group, which consists of two Danish firms, Nordtank and Danish Windpower, recently received its first order from the Indian government for a pilot project of five 300 kW windmills for the state of Gujarat.

The project is being carried out with Hindustan Brown Boveri and is expected to bring in another DKr150m in 1990 alone. With support from the United Nations, the Egyptian governmenth has also started a windmill project by the Red Sea using Danish windmill technology.

The two Danish companies Wincon Wind Energy and Mat-Airfoil, sold the design of the windmills for DKr7m. The 100 windmills, which resemble giant electric fans, are expected to start producing energy next year.

Danish export efforts hit a high point in August this year when the Soviet Energy Ministry entered into a co-operation agreement with a Danish engineering consultancy, Cowiconsult.

The agreement is aimed at replacing Soviet nuclear power stations with Danish windmills. Two pilot projects in Estonia and Ukraine are on the drawing board.

The industry argues, fairly convincingly, that wind power is no longer an uneconomical green fantasy but one of the cheapest sources of energy.

"According to our calculations one kWt produced on a 200kW windmill costs DKr0.32. The price for electricity from a coal power station costs DKr0.35," argued Mr Johannes Poulsen, administrative director of Vestas Wind System, one of the largest local windmill producers.

The Association sees the Japanese as their chief rival in this burgeoning market. Japanese wind technology is considered on a par with the Danes' but they have the advantage of financial strength.

"A company like Mitsubishi has a turnover which is larger than Denmark's GNP so if a company like that gives a 10-year guarantee on a windmill there are backers ready to put up the money. Where does that leave us?" Mr Poulsen said.

Hope is being pinned on a DKr750m fund for export financing which is being considered by the Danish Government

A Danish wind turbine in use in California where demand is tapering off as new markets open

**Danish export efforts hit a high point in August this year when the Soviet Energy Ministry entered into a co-operation agreement with a Danish engineering consultancy, Cowiconsult. The agreement is aimed at replacing Soviet nuclear power stations with Danish windmills. Two pilot projects in Estonia and Ukraine are on the drawing board. The industry argues, fairly convincingly, that wind power is no longer an uneconomical Green fantasy but one of the cheapest sources of energy available. Hope is being pinned on a DKr750m fund for export financing which is being considered by the Danish Government to arm the producers for the battle of the windmills.**

# Egypt and Turkey in power pact

By Tony Walker in Cairo

EGYPT and Jordan have agreed to proceed with a $170m project to connect their power grids so that they can share surplus electricity. The scheme is part of an ambitious programme to link Egypt's power system with neighbouring Arab and African states.

Mr Said Issa, chairman of Egypt's Electricity Authority, said that final steps were being taken to select a consultant to implement the project which will be financed by the Arab Fund for Economic and Social Development.

Mr Issa said it was hoped that tenders would be called and evaluated within six months. The project, which involves laying a cable under the Gulf of Aqaba, is expected to be completed by 1992.

The responsible Jordanian and Egyptian ministers approved the project this month as part of a general attempt by the two countries to strengthen technical and commercial links. Both are members of the newly-formed four-nation Arab Co-operation Council (ACC).

## Franco-Italian steel venture in Turkey

THE Italian and French state steel companies, Ilva and Usinor-Sacilor, are joining forces with Turkey's Borusan and Erdemir to build a $90m rolling mill 100km from Istanbul, writes John Wyles in Rome.

According to the agreement signed in Istanbul yesterday, the plant will be built at Gemlik and will have a capacity of 300,000 tonnes of flat rolled products a year. The output will serve, among others, the auto and white goods industries.

Ilva and Sollac, a subsidiary of the French company, will share a 49 per cent stake in the company.

## Matra wins contract for Bundespost

Matra, the French defence and electronics group, is to supply more than DM100m (£33.5m) worth of telephone sets to the Bundespost, the largest such contract ever awarded to an independent telecommunications equipment producer, writes William Dawkins in Paris.

The sets will be made by DFG, Matra's fully-owned West Germany subsidiary, based at Marburg near Frankfurt, and to be delivered between now and 1992. DFG makes 1m telephone sets annually and is already a traditional supplier to the Bundespost.

The German telecommunications authority's monopoly over handset sale rights goes next July 1.

# Project to unravel the numbers for trade in services

By Peter Montagnon, World Trade Editor

A SERVICE is something you can buy and sell but not drop on your foot.

This curiously unscientific definition is one that crops up frequently when economists gather to discuss the current international move to liberalise trade in services. Its use underlines a serious statistical lacuna for a sector which now accounts for 20 per cent of all world trade.

Now in a new report on trade in services* the General Agreement on Tariffs and Trade has sought to fill in some of the statistical gaps. Its first ever attempt to collate figures on a worldwide basis shows exports of services totalled $560bn last year, equivalent to those of food and fuels combined and a figure which should henceforth strongly underpin the Uruguay Round liberalisation talks.

Yet the exercise has also shown how seriously deficient available figures are, raising questions about how easy it will be to quantify the results of the Uruguay Round talks.

"Fundamental improvement in the statistics appears to be at least a *decade* away," says Mr Richard Blackhurst, Gatt's Chief Economist, whose department compiled the latest report.

Services trade statistics have been under scrutiny by experts from organisations such as the Gatt, the International Monetary Fund and Organisation for Economic Co-operation and Development for some time.

This group, known as the Voorburg Group after the Dutch town where it meets, has nearly reached agreement on category definitions for various types of service trade, but this will then have to be ratified by national governments who will also have to start collecting new figures. Only much later will any precise extrapolation of trends and volumes become possible.

For the time being the Gatt has had to rely mainly on figures submitted by national governments under IMF balance of payments reporting guidelines. These go back to the time when the idea of telecommunications or even banking being an important traded service was scarcely heard of. They divide services income into five categories: shipping, port and passenger services which deal basically with transport, travel which refers to services such as hotel accommodation bought by travellers at their destination and "other private services" which include the temporary workers, income from royalties and other intellectual property and residual services.

It is into this category that fall almost all the rapidly growing international services – insurance, banking, telecommunication, construction, software and data processing – that have become so much the focus of policy discussion. The Gatt figures show that these are precisely the services which have been growing fastest in recent times.

Between 1970 and 1987 the value of trade in "other private services" grew by an average of 15 per cent a year, outstripping not only trade in other services, but also that in manufactured goods as well. By 1987 "other private services" trade accounted for $201bn out of total world services trade of $505bn.

The growing importance of this service trade may in itself provide a strong argument for pushing towards agreement to liberalise trade in services as part of the Uruguay Round of multilateral trade negotiations. Says Ms Joan Spero, recently appointed Treasurer of American Express and an expert on trade policy: "What we've seen for the first time in a credible way in a study done for a major international organisation is that services are really important."

Gatt admits candidly, however, that its figures can give only a rough estimate of orders of magnitude. Its attempt to break down the "other private service" earnings of leading service exporters into nine basic categories succeeded only with West Germany and Belgium/Luxembourg.

Elsewhere national reporting idiosyncracies made full international comparison impossible. For example, the US records trade union-related transactions which are thought to refer to flows of United Auto-Workers union payments between the US and Canada, but it has no figures for trade in banking services. Greece has the second-largest merchant fleet in the world, but reports no figures on its earnings.

It used to be thought that this dearth of statistics would make the task of Uruguay Round negotiators much harder, because governments would be unable to put a value on the benefits they were conceding or gaining. For the present the negotiators have simply decided to ignore this problem, and some economists such as Mr David Lomax, Chief Economist of National Westminster Bank and a member of LOTIS, the UK private sector services lobby group, believe the numbers are irrelevant.

Negotiating freedom of trade in services is a not like cutting tariffs which can be measured in dollars and cents, but a question of concepts and regulations, he says. Banking has been liberalised unilaterally by many countries over the past decade and that is a process which should continue.

"There is a serious risk that in some parts of the services trade you would end up being less liberal if you added up the numbers and started negotiating on a numbers basis."

So what then is the point of Gatt's laborious effort in compiling its report? One is quite simply to satisfy the need for more knowledge in an area of growing importance.

Over time statistical coverage will improve and this marks an serious start. The figures already show how services have grown in economic importance so that policy-makers need to know more about them.

National regulators of industries such as banking and telecommunications are not used to thinking in trade policy terms. Yet, if Gatt's orders of magnitude are anywhere near right – and the assumption in the report is that the recorded figures significantly understate the true value of trade in services - then these self-same officials have much less excuse for ignoring the trade implications of their decisions.

Where the report is somewhat mixed is in the message it spells *out* for developing countries who have been among the most reluctant players in the Uruguay Round negotiations.

Only one such country, South Korea, ranks among the top 15 exporters of services. India and Brazil do not even figure in the top 25.

This could make it harder for the industrial world to persuade developing nations that they have much to gain from liberalising their services trade. Yet the report also includes a long list of developing countries whose services have grown, sometimes dramatically, as a proportion of their total trade since 1970. In India's case the share has risen from 13 to 23 per cent. Suez Canal earnings have pushed Egypt's figure to 53 per cent.

Apart from these few cases, Gatt economists admit that it is difficult to tell from their new statistics exactly where precise competitive advantage resides in services trade. It offers no explanation, for example, as to why France boasts a growing share of services in its total exports while that of the UK has declined.

Yet a central message is crystal clear. Many services, such as banking, insurance, communications and transport, reach into the heart of the economy and provide essential inputs into the manufacturing process.

Countries which want to compete in world markets need to acquire these services as cheaply and efficiently as possible. In other words it is now worth liberalising service imports even if all you want to do is sell more goods.

*International Trade 88-89, price SFr50, available from the Gatt secretariat, 154, rue de Lausanne, 1211 Geneva, Switzerland.*

'Present system goes back to the time when the very idea of banking as important traded service was scarcely heard of'

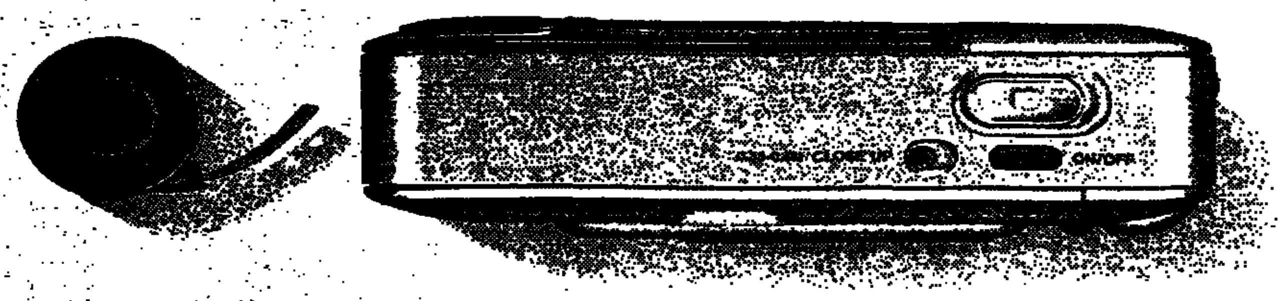
'It could be hard for the industrial world to persuade developing countries they have much to gain from a liberalisation'

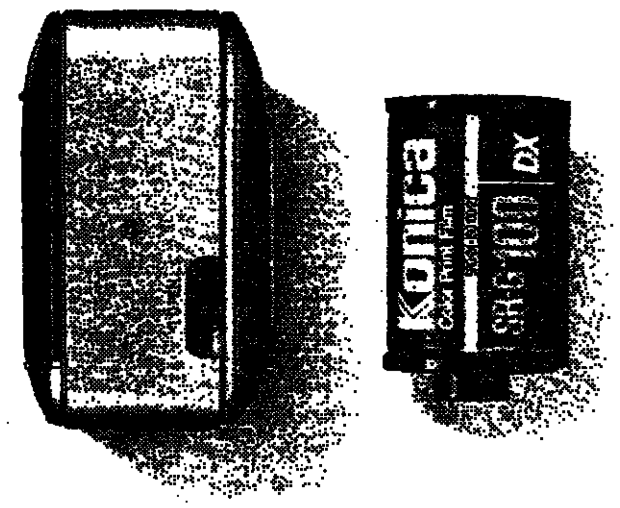
**LEADING EXPORTERS & IMPORTERS of SERVICES ($bn & %)**

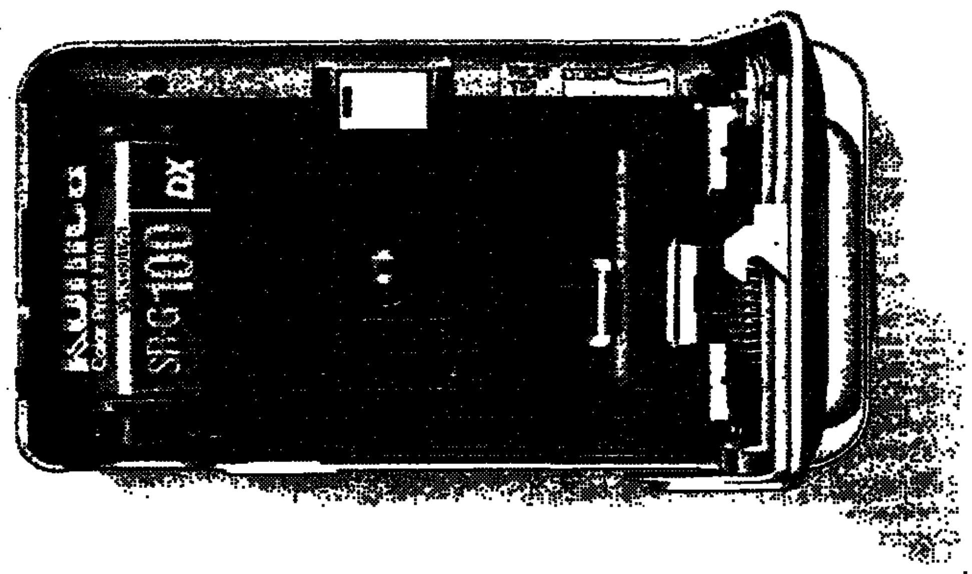
| Exports Rank 1970 | Exports Rank 1987 | Exports | 1987 Value | 1987 Share | Imports Rank 1970 | Imports Rank 1987 | Imports | 1987 Value | 1987 Share |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 1 | US | 58 | 11.2 | 2 | 1 | W.Germany | 64 | 12.4 |
| 3 | 2 | France | 53 | 10.6 | 1 | 2 | US | 56 | 10.8 |
| 2 | 3 | UK | 43 | 8.6 | 5 | 3 | Japan | 52 | 10.1 |
| 4 | 4 | W.Germany | 41 | 8.2 | 4 | 4 | France | 43 | 8.3 |
| 5 | 5 | Italy | 33 | 6.5 | 3 | 5 | UK | 33 | 6.4 |
| 6 | 6 | Japan | 28 | 5.5 | 6 | 6 | Italy | 26 | 5.0 |
| 6 | 7 | Netherlands | 23 | 4.5 | 8 | 7 | Netherlands | 23 | 4.5 |
| 8 | 8 | Spain | 22 | 4.3 | 9 | 8 | Belgium-Lux. | 17 | 3.3 |
| 10 | 9 | Belgium-Lux | 19 | 3.8 | 7 | 9 | Canada | 16 | 3.1 |
| 15 | 10 | Austria | 15 | 2.9 | 15 | 10 | Switzerland | 12 | 2.3 |

Source: GATT

Konica



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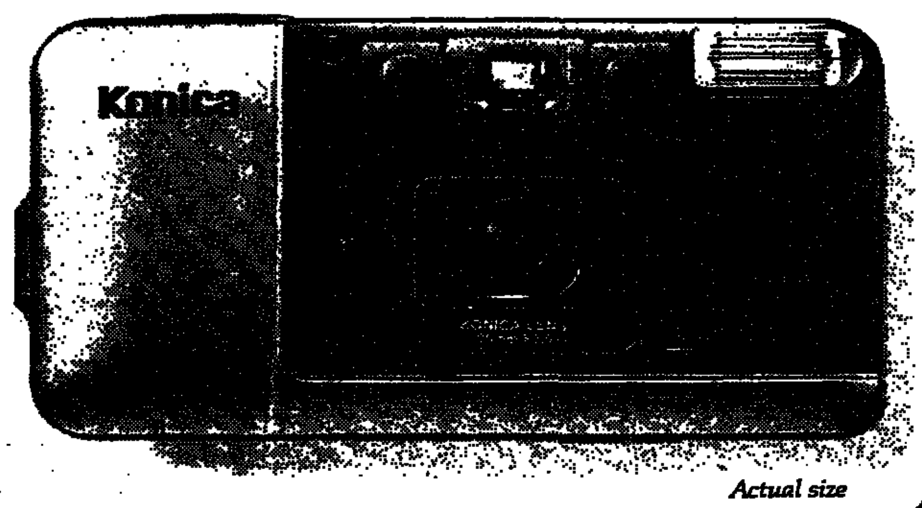
*The European Compact Camera of the Year '89-'90 is an AF camera so compact that dimensional limits are now defined by 35mm film itself!*




*Actual size*

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FOTO/DK PHOTO VIDEO EXPERT/CH FOCALE/B
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## UK NEWS

# Nationwide Anglia to cut 150 branches in shake-up

By David Barchard

NATIONWIDE ANGLIA, the second largest UK building society with assets of £24bn, is to close more than 150 of its 883 branches and shed 400 jobs.

The move, the first of its kind by a building society (home loan institution), is part of an ambitious rationalisation plan involving a total investment of £500m which the society says will equip it to meet the challenge of the 1990s.

It follows cuts made earlier this year of the society's estate agency operations which made heavy losses.

The society emphasised yesterday that the cuts have not been forced on it by the downturn in the housing finance market which has slumped by around 20 per cent as a result of the Government's high interest rate policies.

"Our mortgage business, like that of other building societies, is holding up very well. Our profits last year were £239m and we hope they will hold up this year too." Mr Tim Melville-Ross the chief executive said "We would be doing this operation now even if the housing market was roaring ahead."

"These plans are the result of a detailed strategic review by Nationwide Anglia's board." Mr Melville-Ross said "Financial services retailing is already one of the most competitive markets and will become increasingly so over the next few years. We are determined to maintain our reputation for innovation."

Almost all the redundancies will be at junior and middle management level, though a few top management posts will also be affected. Relatively few cuts of counter staff are planned.

Nationwide Anglia staff have been warned that if the voluntary redundancy scheme is not taken up in sufficient numbers, there will have to be some compulsory redundancies.

Mr Daniel Hodson, Nationwide Anglia's newly appointed deputy chief executive and finance director is believed to have pressed for the rationalisation of society, which was created in a merger between the old Nationwide and Anglia building societies exactly two years ago this month, to be as forceful and ambitious as possible.

The 1987 merger created a new giant among building societies with ambitions to be one of the leaders of the UK retail banking industry. Nationwide Anglia led the way in introducing interest-bearing current accounts, eventually forcing all the other main banks and building societies to follow.

But its managerial and capital base was slender compared to the goals it set itself, while the merger left a legacy of chronic problems.

In many towns the society's operations are unnecessarily duplicated with branches of the former Nationwide and Anglia building societies standing close to each other.

Mr Melville-Ross said yesterday that the 150 branches being shut down are scattered across the country, though many are in the south of England. To develop its remaining branches, Nationwide Anglia is planning a new £350m investment programme over the next five years in addition to £150m which it has already spent improving administration and technology.

Over £100m will be spent on two computer centres and administration at Northampton and Swindon, while £250m is to be spent converting Nationwide Anglia's branches to an open plan format and increasing the range of customer services it offers.

Nationwide Anglia has been frequently criticised in the past for its high management expenses and low profitability.

# Power contracts seen to win cabinet vote

By Maurice Samuelson and James Buxton

MR JOHN WAKEHAM, Energy Secretary, is believed to have won the Cabinet's approval yesterday for the way the electricity industry will function after privatisation.

He is expected to tell industry leaders in London today that a committee of the Cabinet, including the Prime Minister and Mr Nicholas Ridley, the Trade and Industry Secretary, did not reject the system of power contracts worked out on Monday despite complaints by potential newcomers to the industry that it will inhibit genuine competition.

There was some sympathy for this view, but the Cabinet appears to have realised that another prolonged debate would imperil the prospects of completing the electricity privatisation in the present term of Parliament.

Even so, there is likely to be a delay of three or four months in selling the 12 area distribution boards in England and Wales, which is not now expected to be completed until next autumn. There could also be a similar delay in the vesting day of the new private companies, due to have fallen on January 1 1990.

This makes it more likely that the two Scottish electricity boards will be privatised first. Mr Malcolm Rifkind, the Scottish Secretary, had earlier said he did not want the Scottish power boards to be privatised before the English and Welsh boards, but he has now indicated that he has dropped his objections.

The South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board are simpler to privatise than the English area boards and power generators because they are vertically integrated. They both produce and distribute electricity and do not have the serious problems about contractual relationships which bedevil the privatisation process south of the border.

These problems may make it almost impossible for the Government to maintain its schedule of selling the English area boards in the spring of 1990, followed later by the two power generating companies, Powergen and National Power. If the area boards could not be privatised before the autumn of 1990, there might be little time to sell the Scottish boards before a general election, which might take place as early as autumn 1991.

# Restrictions on television listings to be removed

A PUBLISHING war could be unleashed by the Government's plan to compel the BBC and the ITV companies to make their programme schedules available to a range of publishers, writes Raymond Snoddy.

The decision, announced yesterday will create for the first time in the UK the opportunity to publish listings magazines carrying comprehensive programme schedules covering all of Britain's broadcasters.

In other European countries there is already considerable competition between listings magazines. In Belgium there are more than 30; in West Germany nine.

Big publishers are poised to enter the British market as soon as it is legal. To date only Radio Times, owned by the BBC, can list all BBC programmes. TV Times, until recently owned by the ITV companies but now owned by Reed International, has a monopoly over listing commercial TV programmes.

Broadcasters, will in future have to give all legitimate publishers full information on their schedules.

# City funds invested 'more in foreign than UK stock'

INSURANCE companies and pension funds invested more in the shares of overseas companies than domestic companies in the second quarter of this year, official figures showed yesterday, writes Patrick Harverson.

From April to June this year a net £2.25bn was invested in overseas companies, compared with just £262m during the same months in 1988, said the Central Statistical Office. Investment in UK company stocks was £1.9bn, down from the £2.7bn invested during the same quarter of 1988.

The Government's policy of buying back government bonds meant that there was a net disinvestment in UK public sector securities of £2.4bn during the second quarter. Insurance companies and pension funds have now sold more than £8bn worth of public sector securities in the last four quarters as the budget surplus allows the Government to redeem gilts.

Insurers and pension funds also sold more land and property in the UK than they bought between April and June, with the CSO recording a net disinvestment of £225m.

# Government unlikely to approve EC charter

By Charles Leadbeater, Labour Editor

THE Government yesterday signalled that it was unlikely to approve the revised social charter of workers' rights, published by the European Commission on Wednesday, when it is presented to EC leaders in December.

Mr Norman Fowler, the Employment Secretary, in a speech to the Association of American Correspondents in London, said the charter would cast a shadow over the 1992 single European market programme by threatening to undermine the competitiveness of European industries.

He said: "The fear is that the social charter would add to industry's costs, impose unnecessary regulation and ultimately destroy jobs."

The revised draft, produced after three months' consultation with employers and unions, is intended to provide a floor of workers rights covering pay, hours, health and safety and employee involvement in decision making.

The other 11 EC governments support the charter. Only Britain voted against it at a meeting of the Commission.

On several issues member states, unions and employers would be left to decide how best to meet the charter's provisions. While every worker would be entitled to decent pay, the definition of the decency threshold would be left to member states.

However, some of the charter's provisions conflict with UK government policy. It would forbid the employment of people under 18 for work at night. The UK recently repealed this restriction.

Mr Fowler said it was extraordinary that the revised charter did not take account of three points agreed by all governments at the EC's Madrid meeting this summer. These were:

- The charter should make clear that job creation must be the top priority for the EC.
- Action should be taken at Community level only if it would aid initiatives taken at a national level by member states.
- The charter's proposals should take account of the diversity of national policies and practices, rather than impose uniform procedures, particularly on employee involvement.

Mr Fowler stressed that the UK Government was keen to encourage employee involvement through profit sharing and employee share ownership, rather than through arrangements favoured in West Germany and the Netherlands to give workers representation on company boards.

- Average gross weekly earnings for all adult employees rose by 9.6 per cent in the year to April, according to the first part of the 1989 New Earnings Survey published by the Department of Employment yesterday.

The 1989 rise, which compares with a 9.7 per cent rise in the 12 months to April 1988, confirms continuing strong upward pressure on earnings.

Women's earnings rose more strongly than men's. For adult males in all occupations, gross weekly earnings rose by 9.5 per cent to £269.50, while the corresponding figure for adult women full timers was 10.8 per cent to £182.30 a week.

For adult males in manual occupations average weekly earnings were £217.80, including £57.90 in overtime pay, incentive pay and shift premia.

About 16 per cent of male manual workers earnings were accounted for by overtime, compared with 3.4 per cent for male non-manuals and 6 per cent for women manual workers.

*The News Earnings Survey 1989, Part A. HMSO. £9.75.*



## In Brief

### Water stock to be sold overseas

The Government looks to be prepared go ahead with the sale of water company shares in Japan, continental Europe, Canada and the US.

A final decision will not be taken until nearer the offer in late November, but the Government has given a strong hint about its intentions by announcing the appointment of lead managers for the overseas offers of the 10 water and sewage businesses.

Daiwa will be lead manager in Japan, Credit Suisse First Boston in Europe and Wood Gundy in Canada.

### Road contract won

Balfour Beatty and Fairclough have won the £171m contract to build what has been described as Europe's costliest road, a 1,800-metre tunnel which will complete a link from the City to Docklands.

### Lotus launch

Lotus, the sports car and engineering group which is *part of General Motors*, expects to raise car output from 1,220 last year to 5,000 a year by 1992 after introduction of a new model, the Elan, to go on sale in the UK early next year.

### RTZ chief leaves

Sir Alistair Frame, 60, is to give up the executive chairmanship of the RTZ Corporation, the world's largest mining and metals group, and become non-executive chairman from January 1. He was appointed chief executive in 1978, and executive chairman in 1985.

### Conran attack

Sir Terence Conran, chairman of retailers Storehouse, criticised in Enterprise, a left-of-centre magazine, the government's economic policies, in particular for keeping high interest rates, backtracking on its commitment to Europe and manipulating the economy to win votes.

### Rent rise warning

Labour's housing spokesman Mr Clive Soley warned of rises of up to 173 per cent in council house rents under government policies designed to make their rents reflect property values.

# Japan takes a stake in Scotch whisky

By Christopher Parkes, Consumer Industries Editor

TWO FAMILY businesses – one of Japan's biggest and a more modest Glaswegian venture – have forged an unusual alliance in the Scotch whisky industry.

Suntory of Japan has taken a 35 per cent stake in Morrison Distillers, a specialist distiller of single malt whisky best known for the Bowmore brand, distilled on Islay in the Hebrides.

It is believed to be the first time that Suntory has acquired a shareholding in a British company.

The first signs that its traditional conservatism may be crumbling appeared last year when it sealed a distribution alliance with Allied-Lyons by surrendering a 1 per cent slice of its private equity to its UK partner.

News of the stake emerged yesterday when Mr Brian Morrison, the son of one of the Scottish company's founders, announced a management buy-out of his family concern in which relatives and Mr James Howat, the co-founder, had previously held shares.

Financial details of the deal, which leaves Mr Morrison and Suntory as the only shareholders, were not disclosed.

Morrison, which last year made £3m profits after tax on sales of £23.5m, has three distilleries – Bowmore on Islay, Auchtenstoshan at Dalmuir, near Glasgow and Glengarioch in Aberdeenshire.

Mr Morrison said he had invited Suntory, with which Morrison had traded for more than 20 years, to take a share so the company could retain its independence, its identity and its 160 employees.

The Mercedes-Benz 560SEL 0-62 mph in 6.9 seconds. Top speed 156 mph. (Manufacturer's figures.)

# You don't have to be a VIP to travel S-class

Consider for a moment why diplomats and company directors the world over choose to travel S-class. Perhaps it's because the Mercedes-Benz flagship conveys presence without courting ostentation. Its styling complements the demeanour of those who have nothing to prove.

### The Finest Car In Which To Be Driven

The S-class provides unsurpassed passenger comfort. The SEL (longer wheelbase) versions are discreet limousines yet offer an enormous range of convenience and performance options, from a refrigerator in the boot to a suspension system that, at higher speeds, lowers the car's ride height to improve stability. Front and rear seats can be electrically adjusted (the former have memories that in the driver's case is linked to the steering column position). And rear-seat passengers in an SEL have their own reading lights, foot rests, magazine holders and heating and ventilation control.

Here is one of the very few cars in the world in which serious work is possible while you're sitting in city traffic, or cruising at 120 mph on a German autobahn.

### The Car That Gave Its Engine To The Le Mans Winner

There can be no more emphatic measure of the strength of the light-alloy S-class V8 cylinder block than that it now does service as the heart of the Group C car which won Le Mans this year. You'll find both the six-cylinder and V8 S-class engines are of similar mettle, if not the same metal. The 560SEL delivers 300 bhp and a 0-60 mph acceleration figure of well under 7.0 seconds. The other six models in the flagship range, from the 300SE to the 500SEL, while offering comparable opulence, handling brio and prestige, give away only a little in outright performance.

### Nothing Takes Priority Over Safety

Safety engineering has been fundamental to Mercedes-Benz design philosophy for more than 50 years. Mercedes-Benz invented the passenger safety cell, for instance; and the airbag and ABS braking also went into production at Mercedes-Benz before being used by any other manufacturer.

**S-CLASS STANDARD EQUIPMENT**

**300SE & 420SE (STD WHEELBASE)**
ABS anti locking braking system · Automatic front seat belt tensioners · Automatic transmission · Electric sunroof (tilting) · Electric windows · Electrically adjustable steering column · Electrically operated near-side mirror · Exit lights in doors · First-aid kit · Front seat height adjusters · Headlamp wash/wipe · Heated door mirrors · Leather covered steering wheel and gearshift · Multipoint central locking · Outside temperature gauge · Power assisted steering · Rear head restraints · Recirculating air facility · Tinted glass · Twin illuminated vanity mirrors · Walnut fascia

**ADDITIONAL WITH 500SE**
Leather or velour upholstery · Cruise control · Electric front seats · Electric aerial · Limited slip differential · Rear reading lights · Rear shelf speakers · Metallic paint

**300SEL & 420SEL (LONG WHEELBASE)**
As for 300SE and 420SE plus Cigar lighters in rear ashtrays · Rear foot rests · Electric aerial · Rear reading lights · Rear shelf speakers

**ADDITIONAL TO ABOVE WITH 500SEL**
Air conditioning · Leather or velour upholstery · Cruise control · Electric front seats · Limited slip differential · Metallic paint

**ADDITIONAL TO ABOVE WITH 560SEL**
Alloy wheels · Electronic radio/cassette · Electric roller blind · All seats electric and heated, front with position memory · Self levelling suspension

**OPTIONAL EQUIPMENT – ALL MODELS**
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Without doubt, there's more to travelling S-class than simply riding in a prestigious limousine. It has a lot to do with innate good sense and discrimination. Travelling S-class means being satisfied with only exceptional standards of comfort, handling, performance, safety and build quality. The best, in other words. Something, once tried, you won't want to do without, whether you're a VIP or just a rather successful man in the street.

**Engineered Like No Other Car In The World.**

# Government hails drugs budget pact with doctors

**By Philip Stephens and Alan Pike**

THE Government claimed a breakthrough yesterday in its attempts to defuse opposition to its planned health service reforms when the British Medical Association, the doctors' professional association, dropped its campaign against proposed new drug budgets.

The agreement, which will blunt one of the most politically sensitive issues in the controversy over the reforms, came amid continuing talks between Mr Kenneth Clarke, the Health Secretary, and the Treasury for extra NHS funds.

Mr Clarke has submitted a bid for nearly £2bn in extra funds for the 1990/91 financial year beginning next April to Mr Norman Lamont, Chief Secretary to the Treasury.

He hopes to ensure that there are enough funds to begin introducing the reforms, and to avoid the political embarrassment of hospital ward closures after this year's surge in inflation and in the level of wage awards. But Mr Lamont is trying to scale down the bid to maintain the Government's spending targets.

The Government will submit evidence to the independent pay review bodies for doctors, nurses and midwives next month. It is expected to acknowledge that they should be given increases at least in line with inflation.

The agreement on drug budgets came at what was described at a frequently heated meeting between Mr Clarke and a BMA delegation led by Dr Michael Wilson, the chairman of its general practitioners committee.

Mr Clarke gave firm assurances that the proposals in the draft legislation to introduce firm budgets for regional health authorities and "indicative" budgets to cover prescriptions issued by individual GPs would not limit their freedom to provide any drugs needed by patients.

Dr Wilson said that the assurances meant that the Government had conceded that the new system would be operated flexibly but Mr Clarke insisted that he had merely explained in detail the original proposals.

The BMA insisted that it would continue to campaign against other more fundamental reforms.

# Enterprise wins battle to operate oilfield

**By Maurice Samuelson**

THREE North Sea oil companies have ended a year-long battle over who will operate the Nelson oilfield, the 15th largest in UK waters, at a cost of about £700m.

Under the agreement announced yesterday, the field's facilities will be designed and built by Shell Expro, the Shell-Esso joint venture company.

But Enterprise Oil, the independent British oil company, will become the field's operator when the oil starts flowing.

Enterprise was created from the former oil interests of the British Gas Corporation. Although it has stakes in many producing oil fields, this will be its first operatorship.

The Nelson field straddles two blocks. One is 22/11, licensed to Enterprise, and the other is 22/6a, licensed to Shell and Esso.

Lying six miles south-east of the Forties field, it has recoverable reserves estimated by County NatWest WoodMac, the Edinburgh stockbrokers, at 350m barrels of oil and 100bn cubic feet of gas.

The agreement, the first of its kind over a UK oilfield, *ends a tug of war between* Enterprise and Shell-Esso.

In the course of drilling 10 appraisal wells, each side claimed to have most of the field's reserves in its own area.

Although the debate on the reserves is far from over, both sides have reached a compromise on developing and operating it in order to ensure that first production will be achieved by 1993.

Shell Expro will now prepare its design plan and, subject to the Energy Secretary's approval, development should begin in the second half of next year.

Enterprise will fully participate in the development phase, with reciprocal arrangements for Shell and Esso during production.

County NatWest WoodMac said the agreement between Shell/Esso and Enterprise was "a logical division of labour."

At peak production, in 1995, Nelson should be yielding 125,000 barrels of crude oil a day.

# Curtain lowered on Guinness case

**Robert Rice** on why reporting restrictions are unlikely to be lifted

DESPITE the widespread publicity given to the purpose of last week's preparatory hearing in the Guinness case, the media is prevented from reporting the result of the prosecution's application to have the trial split by blanket reporting restrictions under the new law governing the prosecution of serious fraud cases.

After some initial confusion over the precise nature of the new restrictions, Sir Patrick Mayhew, the Attorney-General, wrote to newspaper editors to remind them that despite the enormous public interest in the Guinness case, the "fair administration of justice" required that the provisions of section 11 of the Criminal Justice Act 1987, which govern reporting restrictions on preparatory hearings in fraud trials, should be scrupulously complied with.

Any publicity given to representations made by the prosecution or the defence at such a hearing, or to any observation of the judge, or to the outcome of the hearing itself, could prejudice irretrievably the eventual trial and so prevent justice being done. This was the reason for the legislation, he said.

Section 11 lays down that in the absence of an application by one or more of the accused for an order that reporting restrictions should be lifted, nothing about or concerning the preparatory hearing can be reported other than a list of basic facts surrounding the trial, such as the names of the accused, a summary of the charges they face, and whether the accused have been granted legal aid.

Mr Justice Henry, the Guinness trial judge, had originally thought that because of the publicity that had been given to the hearing it would be possible, and only sensible, to lift reporting restrictions so that the general public could know the outcome. After hearing argument on the ambit of the restrictions from counsel acting on behalf of the Attorney-General, however, it became clear that the court was not able to allow this.

The reporting restrictions imposed by the 1987 Act follow the pattern of restrictions governing committal proceedings in magistrates' courts. Where they exist they are total. Even if a court wished to lift the curtain to a limited extent it could not do so.

Subsection 8 of section 11, which lists the basic facts surrounding the trial that may be reported at the preparatory stage, does however permit the reporting of "the offence or offences or a summary of them with which the accused is or are charged."

In the court's view this meant that even if the press could not report the outcome of the application to have the trial split, it would at least be free to report any changes in the charges faced by the seven Guinness defendants. If the 65-count indictment was going to be pruned down to a manageable size, which the prosecution had indicated on more than one occasion that it was, then the press would be free to report the changes made.

But because the Guinness defendants have been arraigned on the original charges and have entered pleas in respect of them, if the prosecution were to drop any of them at this stage or indicate that they will offer no evidence in respect of certain charges, the defendants would be entitled to ask the court to enter a formal verdict of not guilty in respect of the withdrawn charges, as though they had been tried and acquitted.

It seems therefore that the prosecution proposes for the moment to leave the original charges on the indictment so that the press cannot report any change in the nature of the offences with which the accused are charged, and on which they will eventually stand trial.

If the Guinness trial is split into two or more trials with at least one of the defendants in the dock in more than one trial, it is almost certain that an application will be made under section 4(2) of the 1981 Contempt of Court Act to postpone publication of any report of the first trial until any subsequent trials have started, or, possibly, until they have ended.

The justification for such an order would be that if the first trial was reported there would be a substantial risk of prejudice to any subsequent proceedings.

In view of the complexity of the Guinness case and the expectation that even if the trial is split the first part will last anything up to six or seven months, it seems increasingly unlikely that the media will be able to report anything more concerning the case until the end of 1990 or the early part of 1991.

# Dixons reports further fall in electrical sales

**By Maggie Urry**

THE GLOOM in the retail sector deepened yesterday as Mr Stanley Kalms, Dixons' chairman, told shareholders of the electrical retailer at the *annual meeting, that its UK* market had weakened further.

Last year, Dixons' profits fell from £103.1m to £78.4m. Yesterday, Mr Kalms said that sales so far this year in the UK were "slightly below last year's level". Analysts fear that this year's profits will be lower again. Dixons' shares fell 3p to 140p.

Mr Kalms said: "As usual, the outcome for the year will depend on the important Christmas trading period, but there is no sign that our UK markets will make any significant recovery for the remainder of the current financial year."

Although the company has moved to cut costs and improve efficiency, Mr Kalms said the benefits of this programme were dependent on an upturn in Dixons' markets.

Poor trading is being seen elsewhere in the stores sector, with Sears and Next, both fashion retailers, set to report falls in half-year profits next week.

# Patten poised to rule on new town's future

**By Andrew Taylor, Construction Correspondent**

MR Christopher Patten, recently appointed Environment Secretary, will decide in the next few weeks whether to give the go-ahead for a new *country town in north-east* Hampshire.

The decision is being seen by conservationists and some Conservative MPs as an important test of Mr Patten's green credentials.

Mr Patten succeeded Mr Nicholas Ridley as Environment Secretary during the recent Cabinet reshuffle. Mr Ridley, in one of his last decisions as Environment Secretary, said in July he was "minded" to approve the development of the new town, called Foxley Wood, at Bramshill, near Fleet.

Mr Patten has to decide whether to reject his predecessor's decision.

Hart district councillors, within whose boundaries the new town of 4,800 homes would be built, have strongly opposed the scheme. Yesterday, at a press conference in London, they said they would hold a protest meeting at next month's Conservative Party conference.

Mr Michael Alley, chairman of the council's planning and infrastructure committee, said approval of Foxley Wood would mean the Secretary of State had overturned the opin*ion of one his own planning* inspectors, had ignored the views of local planners and had failed to concern himself with the quality of life and happiness of voters in south-east England.

Consortium Developments, a group of 10 of Britain's biggest housebuilders proposing Foxley Wood, also held a press conference in London yesterday.

Lord Northfield, its chairman, said moves by Hampshire county council to restrict housebuilding would force local people to move out of the area.

He said just under 10 per cent of homes at Foxley Wood would be low cost, mostly rented accommodation. Preference would be given to local people buying houses.

The members of the consortium are: Barratt Developments, Beazer Homes, Bovis Homes, Ideal Homes, Laing Homes, Y.J. Lovell, Tarmac, Wilcon Homes, Wimpey Homes and McCarthy & Stone.

# Labour group backs idea of proportional voting

**By John Mason**

PRESSURE on the opposition Labour Party to support electoral reform grew yesterday when the soft-left Labour Co-ordinating Committee, its largest internal pressure group, backed the idea and an opinion poll said the party would gain an extra 2.5-3 per cent electoral support if it embraced proportional representation.

A survey by MORI for the Electoral Reform Society showed backing for PR would increase Labour support, particularly among middle-class men living in the South East – a group of voters Labour needs to win over to gain power. Fairness and increased democracy were the main reasons given for supporting PR.

Committee members voted by more than 4-to-1 for electoral reform and narrowly in favour of the additional member system – which would retain single-member constituencies but add a regional "top-up" of MPs to keep the composition of the House of Commons in line with voting patterns.

They rejected systems such as single transferable vote, which members felt would weaken the relationship between MPs and their constituencies.

Electoral reform is to be debated at Labour's annual conference, which opens next week in Brighton. Party leaders will oppose it, saying Labour can win a majority under the present system, but a record number of constituency motions from constituencies indicates growing support within the party for a change of policy.

# Students, employers 'may have to pay tuition costs'

**By David Thomas, Education Correspondent**

STUDENTS and employers could be asked to pay the cost of university courses under a plan agreed yesterday by the vice chancellors of Britain's universities to fund the expansion of higher education over the next two decades.

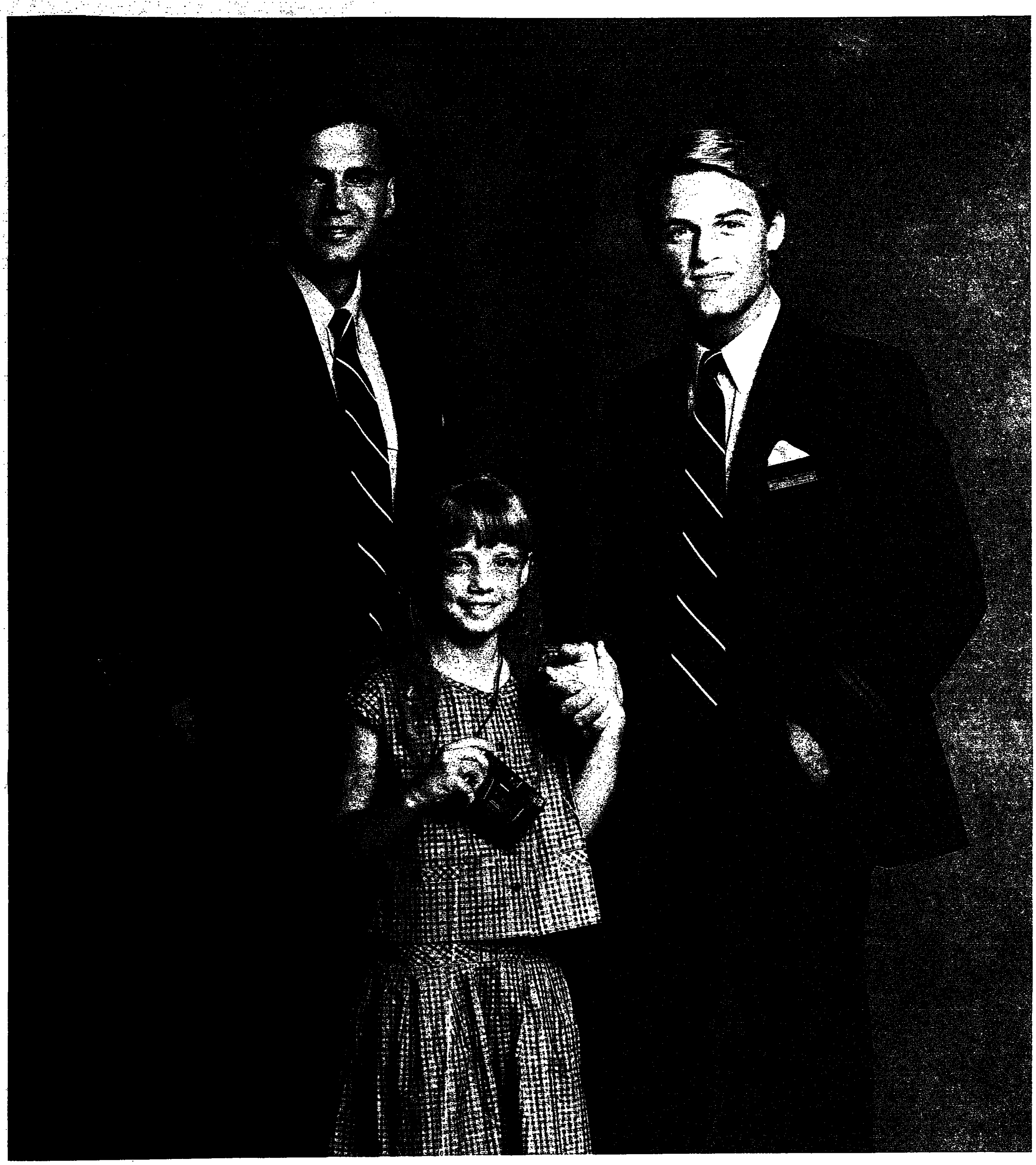
The vice chancellors are to investigate proposals to charge the full cost of course fees to students from affluent backgrounds and set up a scholarship system to cover the course costs of students from poorer families.

Sir Edward Parkes, chairman of the Committee of Vice Chancellors and Principals, said yesterday: "It would allow us to do a certain amount of Robin Hood in squeezing the middle classes to pay for the universities' expansion."

He was speaking at the end of the committee's three-day private meeting in Leeds, which acknowledged that most of the additional resources to fund the Government's planned doubling of the numbers in higher education over the next two decades would have to come from the private sector.

As a first step to identifying future sources of funds, the universities intend to calculate and publicise the full cost of their courses in coming months. Courses are generally thought to cost between about £3,000 and £10,000 a year, depending on the subject.

The universities will decide whether they could charge a fee which reflects these full costs. This would be substantially above the current university fee, which is met by the Government for nearly all British-based undergraduates.



# After the little girl lost her camera, it took Tim and Art to make things click again.

Our story begins one evening at JFK International Airport, New York.

Among the passengers on Flight 804 to Paris was a 10 year old called Marckey. For her, the trip turned into near misery when she mis-placed her camera.

Enter TWA's Arthur Costa and Tim Sanders, part of the airline's ground staff team at the airport.

Yet, in spite of retracing Marckey's every move, they still failed to find the camera.

So Tim and Art dipped into their pockets and replaced the camera from the airport's Duty Free shop.

Of course, we can't promise that every piece of luggage lost by our passengers will be replaced in this way.

We can't even say that every one of our ground staff would respond to a crisis the same way that Tim and Art did.

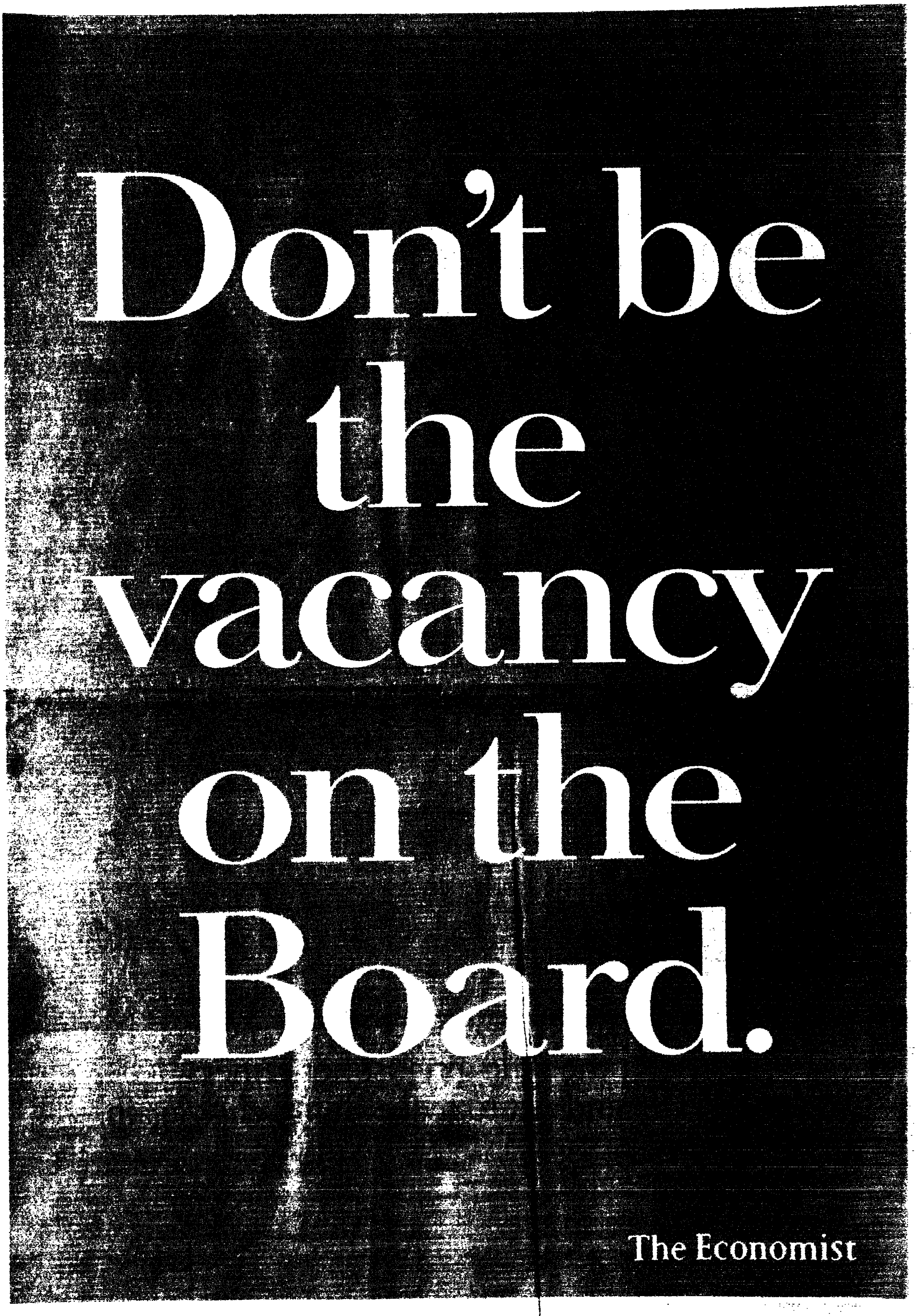
All we will say is that TWA are proud to have people like them working for us.

As an example of what TWA mean by service and commitment to our passengers, they don't come any better.

And anyone who can get New York a reputation for being tender-hearted deserves all the plaudits they get.

TWA

For the *best* of America.

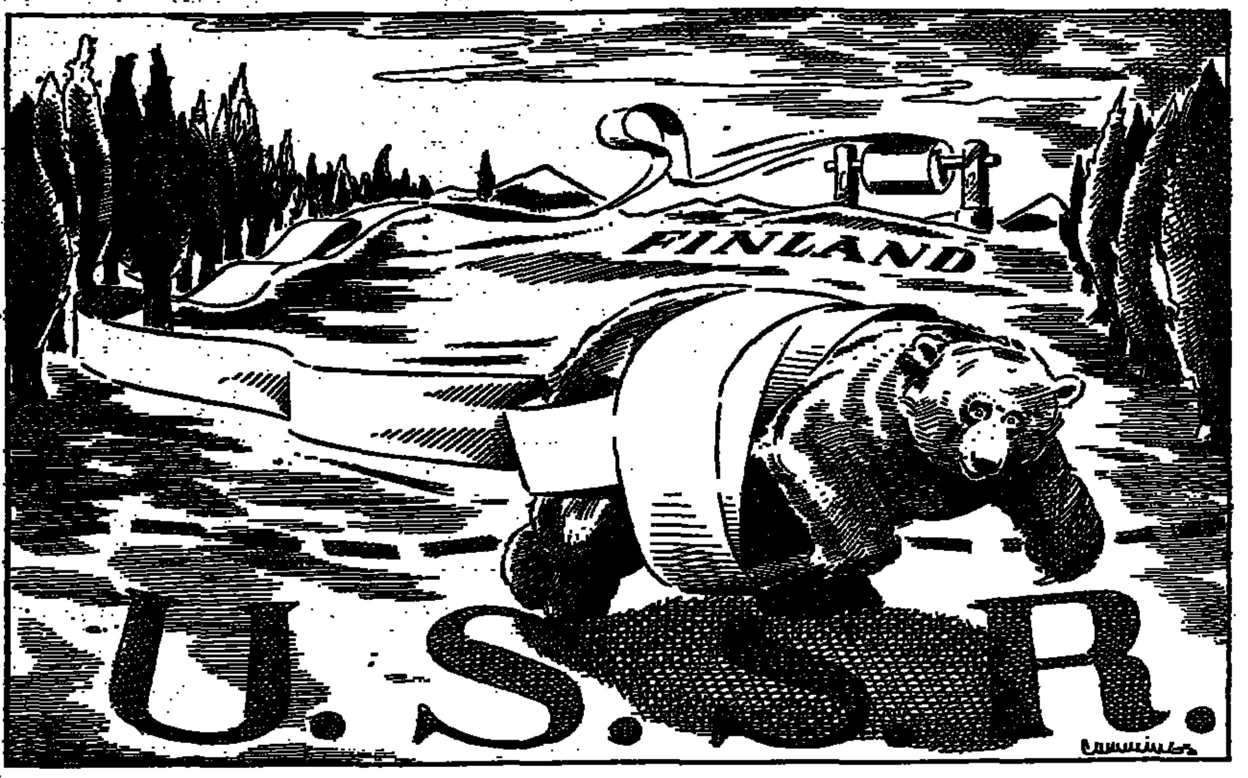

Don't be
the
vacancy
on the
Board.
The Economist

## MANAGEMENT

Joint ventures

# Finnish companies unravel the Soviet labyrinth

**The number of manufacturing projects is now on the increase – but they present significant management problems, as Peter Montagnon explains**




Enso-Gutzeit will reach a milestone in its business relations with the Soviet Union next month when it signs a FM2.4bn (£34.5m) joint venture deal with Moscow's Ministry of Forest Industries that will greatly increase its output of short-fibre pulp, an essential intermediate material in paper production.

The joint venture, which has been the subject of lengthy negotiation with the Soviet side, will be easily the largest undertaken by a Finnish company since Soviet foreign investment laws were liberalised at the start of 1987. Yet it is unique in other ways, too. The pulp mill will be located on Finnish soil and Enso-Gutzeit will retain 80 per cent control.

The deal thus highlights both Finland's fascination for Soviet joint ventures and the caution with which, nearly three years after the new regime was instituted, Finnish companies approach the prospect of actually pumping large chunks of investment capital into the Soviet Union itself.

Its common border with the Soviet Union and long tradition of Soviet trade has made Finland something of a pioneer in exploring the potential economic advantages to the West of *perestroika and glasnost*. The now completed renovation of Moscow's Savoy hotel by Finnair and Intourist testifies to the early Finnish involvement in joint ventures.

At the latest count, according to the Finnish-Soviet Joint Venture Partners Association, the Soviet Ministry of Finance had ratified 85 joint venture agreements with Finnish companies, a figure exceeded only by those with West Germany.

Yet, of the first 79 ventures identified by the association, as many as 50 are, like the Savoy hotel project with its *quick return in foreign exchange*, in the service sector. Only 29 are in manufacturing, where projects are harder to set up and carry more risks. The total equity investment involved was as little as roubles 75m.

Finnish businessmen say there are a number of reasons why they remain cautious about investing in Soviet manufacturing despite the apparent attraction of wage levels in neighbouring Estonia being one quarter of those in Finland.

These range from uncertainty about the political future, to difficulties in dealing with the *labyrinthine* Soviet bureaucracy, to worries about the infrastructure and availability of raw materials, and finally to the peculiarly Finnish problem of the two countries' bilateral trade arrangement.

This normally means that payments for products of a joint venture in the Soviet Union that are exported back to Finland have to pass through their joint trade clearing system and do not therefore yield hard currency which the venture can remit as profit.

"In our industry," says Gustaf Serlachius, chairman of Metsa-Serla, another forest products group, "if you make the wrong investment you are in trouble for years." The capital-intensive nature of the paper business has made this sector one of the most reluctant to develop joint ventures.

But executives say they are also concerned about the availability of electric power, poor transport facilities and the need which may arise in remote areas for the venture itself to provide infrastructure, such as roads, housing and schools.

One of the biggest worries for many manufacturing concerns, adds Hannu Eskelinen of the Finnish-Soviet Chamber of Commerce is the availability of raw materials. "Joint ventures are located inside Soviet territory, but outside the planning system."

Alongside low wages, securing access to the Soviet Union's theoretically abundant supply of raw materials should be another strategic reason for entering a joint venture. Yet almost all the Finnish-Soviet joint ventures in manufacturing that have set out to rely on Soviet raw materials have experienced difficulty in obtaining them, and this only adds to the financial risk involved, he says.

However, it was the plentiful availability of raw material in the form of birchwood that made the Soviet venture attractive to Enso-Gutzeit in the first place. The venture involves modernising its pulp mill at Uimaharju on the Soviet border and increasing its output to 340,000 tonnes.

*It will use timber supplied by the* Soviet Union under an ancillary joint venture which will allow the Soviet side to use high-yielding Finnish technology for forest clearance. As a particular incentive to keep the supplies flowing, the timber will also be paid for in hard currency. Under an arrangement which is still regarded as controversial by the Finnish Foreign Ministry, Enso-Gutzeit plans to keep the trade outside the bilateral clearing arrangement.

Given the capital-intensive nature of modern pulp and paper production, it is not surprising that Finnish forest industry executives find the prospect of cheap labour in the Soviet Union an attraction of relatively little interest.

One of the few other ventures in this sector has been formed by Metsa-Serla. It has negotiated a FM400m venture with the Moscow Paper Ministry and the Pulp and Paper Combinate of Tallinn to build a toilet paper and tissue plant in the Estonian capital. The plant will produce 40,000 tonnes *annually and employ 350* people.

The company has long held an ambition to supply the Soviet market where there is a chronic shortage of toilet paper. Yet to cover its hard currency costs half the product will have to be exported to the West.

This conflict between a Western ambition to supply the Soviet market and the Soviet priority to earn foreign exchange still bedevils negotiations on joint ventures in the manufacturing sector.

One fear in the West is that it is precisely in labour-intensive industries such as textiles where the Soviet Union offers the greatest cost advantage that protectionist barriers to trade with the West could come crashing down if supply of products from joint ventures in the Soviet Union grew too large.

Examples of joint ventures in the textiles sector are thus few and far between, though Matti Antikainen, whose Kati-Myynti garment manufacturing company was one of the first Finnish companies to establish a Soviet joint venture, says trade barriers have not yet been a problem. Also in Tallinn, this venture started out as a 1,700 sq m factory producing high quality womenswear and an additional 6,000 sq m of floor space is being added this year. So far, however, 95 per cent of the output is being sold in the Soviet Union and a more testing time will come when the venture seeks to reduce this total to its target of 70 to 75 per cent.

Antikainen, who is also chairman of the Finnish-Soviet Joint Venture Partners Association, *says that* two years after registering this joint venture, he has learned much about how to negotiate with the Soviet Union. "We have learned to seek commitment in writing and accept much more documentation work than we are used to elsewhere," he says. "Every small angle must be covered."

This is a daunting task given the many layers of negotiations which Finnish executives say are necessary to get a joint venture off the ground. These will normally involve negotiating not only with the Soviet factory which will be the joint venture partner, but also with the Ministry responsible for it in its home Republic and with the central government ministry in Moscow. If the venture also requires construction of a new factory, a separate set of negotiations may have to be undertaken with a separate group of ministries and including the municipality where the venture is to be set up.

Notwithstanding all these problems, Finnish officials say that the experience gained in establishing joint ventures in the services sector is now slowly paving the way for growing activity in manufacturing as well, especially given the prospect of a duty-free processing zone on the Finnish-Soviet border.

"There will be a shift to the manufacturing sector within a year or two," says Erik Ulfstedt of the Finnish Foreign Ministry. Sectors which interest the Soviet side range from computer components to sporting goods, tableware, prefabricated housing, copper wire and furniture, he adds.

The question is how long it will take such ventures to return a profit. It is easy to make roubles, says Eskelinen, but until now the ventures have had very little success in hard currency terms. The day will come when money can be made, he adds, but it will be as long as it takes to make the rouble convertible – and that means sometime early in the next century.

# Weighing up the asset options

**By Charles Leadbeater**

Faced with an intensification of international competition since the 1970s companies in general seem to have two options.

One might be called asset management – shifting a company's capital away from high cost/low profit activities into those which are more profitable. The second involves increasing the value added produced by a smaller workforce, often operating with new technology and production systems.

The two strategies give rise to very different sorts of company. The first sort of asset management company can be extremely mobile, moving from sector to sector, country to country. It seems primarily financially driven. The second *is more stable, reliant upon* employee commitment, training and skills. It seems driven by a need to improve its cost and quality base.

The meeting point for these two theoretical extremes is the so called flexible firm, which combines both approaches.

The flexible firm has been defined in a variety of ways, most commonly according to whether it has a workforce divided into a core of skilled full-timers and a periphery of staff who are usually less skilled. While the core has employment security, the periphery's employment is contingent – it depends upon the ebb and flow of demand.

Academic debate has raged over how common this sort of flexible firm is, whether a clear line can be drawn between the core and the periphery, and whether companies have a well developed strategy to create peripheral part-time workforces. Yet the underlying logic for companies to evolve in this direction is strong, according to a book published recently.

Professor Keith Sisson of Warwick University's industrial relations research unit, in his introduction to Personnel Management in Britain*, says the flexible company approach reconciles the two apparently divergent responses to international competition.

Increased sub-contracting and use of part-time and temporary workers allows companies to minimise costs and shift their assets internally to concentrate them on their core activities.

But creation of a core workforce also allows rewards of the "value added" approach to be reaped by raising the motivation, skills, and commitment of skilled full-time workers.

This combination of approaches can set management some troubling problems. An increase in subcontracting means that instead of orders for parts or services being placed with an in-house supplier, companies have to go out to contractors in the market. So internal management structures of authority, command and discipline are replaced by the market's discipline of price, competition and contract specification.

But the value-added approach promotes a very *different sort of management* culture. With the decline in the number of young people fuelling skill shortages, the retention and motivation of skilled staff will become more important. The sort of effort employers will be expecting from skilled workers will also be different. There will be more stress on quality, innovation and flexibility than quantity.

In response many leading companies are refashioning traditional relatively hierarchical command structures, with the introduction of quality circles, team briefings, and employee involvement. In the next decade this is likely to move on to the introduction of autonomous work teams, largely working without direct supervision.

This implies a considerable weakening and dispersal of traditional authority. As Professor Sisson says: "This package of changes requires more than compliance from employees; it requires their co-operation and commitment."

So both pressures will lead to enormous changes in management style and culture. On the one hand "asset management" requires a management which is much more effective at external relations in the marketplace. On the other hand the value-added style creates a need for a much more sophisticated approach to internal employee relations.

**Personnel Management in Britain, ed Professor Keith Sisson, published by Basil Blackwell. £15.*

# ARTS

## Arts Week

| F | Sa | Su | M | Tu | W | Th |
|---|---|---|---|---|---|---|
| 29 | 30 | 1 | 2 | 3 | 4 | 5 |

## THEATRE

### London

The Merchant of Venice (Phoenix). Dustin Hoffman's Shylock a sympathetic, semaphore-gesturing alien in Peter Hall's fine Venetian Renaissance production, Geraldine James a superb Portia (836 2294).
The Black Prince (Aldwych). Ian McDiarmid gives the performance of a lifetime in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce, vitriolic and entertaining (836 6404).
Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. *Undemanding summer-time fare* (734 8951, cc 836 2428).
*A Flea in Her Ear* (Old Vic). Feydeau's farce in the John Mortimer translation spiritedly done as German Expressionist nightmare by Richard Jones and the Quay Brothers, the directing and design team on WNO's *Love of Three Oranges*. (928 7616, cc 240 7200).
Veterans Day (Haymarket). Imperfect Donald Freed nationalist paranoia play about three veterans gathered to bump off the President partly redeemed by fascinating duo of psychotic Vietnam hero and brightly accommodating Second World War buddy (930 9832).
M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. (379 5399).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn. (839 5972).

### New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast. (239 6200).
Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy.
Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits.
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry (239 6200).
Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, Forgettable songs and dated leadenness. It has however proved to be a durable Broadway hit (947 0033).
M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).
*Phantom of the Opera* (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).
Laurie Anderson (Brooklyn Academy of Music). The performance artist opens the season's Next Wave Festival with her latest solo work, Empty Places. Ends Oct 15. (718 636 4100)

### Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).
Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

## MUSIC

### Paris

Orchestre National de France conducted by Jeffrey Tate, Margaret Marshall, soprano: Richard Strauss (Wed). Theatre Des Champs Elysées (47203637).
Orchestre de Paris conducted by Semyon Bychkov, Alexis Weissenberg, piano: Dutilleux, Ravel, Beethoven (Wed, Thur) Salle Pleyel(45630796).

### Versailles

Centre de Musique Baroque evokes 1789, the crucial year, bymusic in Versailles from October 1 till November 25. There will be the opening mass for the states general, symphonies dedicated to Marie-Antoinette and a concert given over to her harp-music, works by the *Italiens in Versailles* and an evening of music of the Trianon Palais. (42334300). Tickets to be bought at the entrance to each concert.

### Vienna

Wiener Mozart Orchester conducted by Johannes Wildner. Mozart. Konzerthaus (Fri).
Suk Kammerorchestra from Prague, conducted by Ahmed Elssedi. Mozart, Elssedi, Stravinsky, Janacek. Musikverein. (Sat).
Orpheus Chamber Orchestra. Soloist, Alfred Brendel. Beethoven, Mozart, Copland, Prokofiev. Musikverein. (Sun., Mon).
Wiener Schubert Trio. Mozart, Schumann. Musikverein. (Tues).
Wiener Symphoniker, conducted by Erich Leinsdorf. Brahms, Schumann, Busoni. Musikverein. (Wed, Thurs).

### Frankfurter Feste 1989

This year's Frankfurt Festival with the title of A Common Brotherhood is based on two historic events: the French Revolution in 1789 and the start of the Second World War II 50 years ago.
The programme attempts to explain the historic events and their influence on contemporary culture and society in terms of the struggle for liberty. There will performances of works by Mauricio Kagel, of Britten's War Requiem and Prokofiev's Alexander Nevsky. Most of the Beethoven symphonies will be played by the Concertgebouw Orchestra Amsterdam, conducted by Riccardo Chailly, the Berlin Philharmonic, Leningrad Symphony, the Saito Kinen Orchestra under Seiji Ozawa. The North German Radio Orchestra will perform Krzysztof Penderecki's Polish Requiem, under the composer. Other highlights include a concert version of *Andrea Chenier* as well as Handel's rarely played *Tamerlano*. There will be also be contemporary music by Wolfgang Rihm, Mauricio Kagel, Michael Sell and Antonio Madigan. Tickets Frankfurt 069/1340-400. Ends Oct 3.

### Bonn

Beethovenfest will be the highlight of Bonn's 2,000th anniversary celebrations, with around 30 concerts. Among the orchestras appearing are: Berlin Philharmonic under Lorin Maazel, Royal Concertgebouw Orchestra Amsterdam, conducted by Riccardo Chailly, the London Classical Players, the English Baroque soloists and the Monteverdi Choir of London, conducted by John Eliot Gardiner, the Vienna Philharmonic under Leonard Bernstein, the Dresden Philharmonic, the Bonn Beethovenhalle Orchestra under music director Dennis Russell Davies, who is also the artistic director of the festival. Soloists include Alfred Brendel, Andor Foldes, Krystan Zimerman, Janos Starker, HannaSchwarz, Cheryl Studer, Bernd Weikl and Reiner Goldberg. To Oct 2. Tickets: Konzertkasse Tel: 0228/775756.

### Berlin

Berlin Festival until Oct 2 will be a forum of 'East meets West'. A Maurizio Pollini piano recital with works by Brahms,Schoenberg and Beethoven (Sat). Chamber Orchestra of Europe and soloist Gidon Kremer, Yuri Baschmet, conducted by Nikolaus Harnoncourt in Mozart and Schubert (Sun). The Hamburg Philharmonic Orchestra and Vladimir Ashkenazy (piano), conducted by Gerd Albrecht plays Aribert Reimann, Brahms and Janacek. Philharmonie. Ludwigsburger Schloss, Theater im Forum: 25th anniversary concert of the Monteverdi Choir London and the English Baroque Soloists, conducted by John Eliot Gardiner in Mozart and Beethoven (Wed).

### Venice

Teatro Toniolo, Daniele Gatti conducting Debussy's Dances Sacres et Profanes and Ravel's Daphnis et Chloe (with Harpist Susanna Mildonian) and Lieder by Richard Strauss, with Soprano Pamela Coburn (Fri, Sat at Teatro Rossini).

### New York

New York Philharmonic. Zubin Mehta conducting. Mozart, Mahler (Tue); Helmuth Rilling conducting. Mozart programme (Thur). Avery Fisher Hall (874 2424)
Juilliard Orchestra. Otto-Werner Mueller conducting with Allison Eldredge ('cello). Beethoven, Elgar, Brahms (Wed). Avery Fisher Hall (874 2424)

### Washington

National Symphony Orchestra conducted by Mstislav Rostropovich with Paul Tortelier ('cello). Saint-Saens, Elgar, Schubert (Tue); Barry Douglas (piano). Mozart, Prokofiev, Goldmark (Thur). Kennedy Center Concert Hall (467 4600)
Alexander Toradze piano recital. Ravel, Mussorgsky, Beethoven (Thur). Kennedy Center Terrace Theater (467 4600)

### Chicago

Chicago Symphony Orchestra conducted by music director-designate Itzhak Perlman (violin). Brahms programme. (Tue, Thur). Orchestra Hall (435 6666)

## EXHIBITIONS

### London

The Hayward Gallery. Andy Warhol — two years after his death, a comprehensive retrospective of the career of this seminal yet ambiguous and still controversial artist, since he turned to painting from graphic design in the early 1960s. Until November 5.
The Serpentine Gallery. "Success is a career in New York" — this study of Andy Warhol's early career as a graphic designer and illustrator in New York in the 1950s is complementary to the retrospective at the Hayward and essential preparatory viewing. Daily until October 1.
The Royal Academy. Gauguin and the School of Pont Aven — a fascinating study of the prints made in the 1880s and 1890s by the loose society of artists that came together at Pont Aven in Brittany, of which Gauguin was the leading but not necessarily, at the time, the outstanding figure. Daily until November 19.
Also the Art of Photography 1839-1989 — in celebration of the 150th anniversary of the first practical demonstrations of the medium. Until December 23.

### Manchester

The Whitworth Gallery. The Last 100 Years — a celebration of the centenary of Manchester University's great gallery through four small displays taken from its study collections: Drawn to Paper — a selection of British drawings and watercolours 1900-1939; A Century of British Printmaking; The Magic Influence of Mr Kydd — blocked and stencilled wallpapers 1900-1925; and Modern Art & Textile Design 1930-80: throughout the summer.

### Paris

Museé des Arts Decoratifs. Je suis le Cahier - Picasso's sketchbooks. After two years of meandering the world over, the exhibition ends, aptly, in Paris. The 40 sketchbooks covering a period of 64 years follow closely Picasso's development. 107 Rue de Rivoli (42603214), closed Tue, ends December 31.
Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends Jan 14 (40513838).
The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.
Musée Rodin. A delightful 18th century town house — Hotel Biron — contains the life work of Auguste Rodin, whose powerful genius opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers of Calais trudge to their tragic destiny and Balzac, draped in his cloak, defies time. 77, rue de Varenne, closed Tue.
Musée d'Orsay. Paintings, sculptures, *objets d'art* and photographs from the end of the romantic period to the beginnings of modern art and the impressionist and post-impressionist collections formerly in the Jeu de Paume. Here they are counter balanced by academic painters, their contemporaries, long derided for their pomposity. Entrance to the museum is at 1, rue de Bellechasse (45494814). Closed Mon.

### Martigny

Fondation Gianadda: A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings *is as impressive by the* judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-228978).

### Brussels

Europalia Japan 89. Having celebrated the art and culture of Austria two years ago the Europalia turns to the east this year, bringing to Belgium the most spectacular festival of Japanese arts outside Japan.
Palais des Beaux-Arts. The Human Figure: millennia of Japanese art — an overview of Japanese art from 3000 BC to the 19th century which opens Wednesday and ends November 26.
Banque Bruxelles Lambert. Japanese Buddhist Art from the Hyogo prefecture exhibits works from the 7th to 19th century. Opens Thursday, ends October 30.
Tzwern-Aisinber Fine Arts. Le Cercle des XX, late 19th century Belgian Painters. Closed Mon, Sun. Ends Oct 31.

### Bonn

Beethovenhalle Bonn. 50 portraits of Beethoven by the American pop artist Andy Warhol. In addition to the Bonn Beethovenfest, an Andy Warhol exhibition is taking place until October 1.

### Berlin

Bruecke Museum, Bussardsteig 9. A Franz Marc retrospective with 180 drawings and aquarelles (1880-1916) most of the German expressionist painter's works, can be seen for the first time until Oct. 29.

### Vienna

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Ludwig Wittgenstein, the philosopher, architect and craftsman who until recently had not been appreciated by his fellow countrymen. Ends October 29 and not to be missed.
The Technisches Museum. Although not the most elegant of Viennese museums, has put together an exhibition exploring the relationship betwgen art and industry and how industry has tapped the imagination of the artist. Ends October 26 1989.
The Benedictine Monastery in Melk, an hour's drive from Vienna, celebrates its 900th anniversary. Besides a fascinating collection of paintings, books and later, newspaper cuttings, the Abbey boasts the finest baroque architecture in this part of Europe. Until November 15.

### Rome

Museo Napoleonico. Eighteenth-century Roman Theatre and Carnivals. This absorbing exhibition covers the years 1775, when Pius VIth's long reign began, to 1799, and attempts to show how the conflicting influences of the papacy and the revolution in France affected the Roman theatre. Ends Sept 30.

### Turin

Russian and Soviet Art: 1870-1930. Renzo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Carandente an immensely effective setting, turning the ground-floor workshops of the disused Fiat factory into the equivalent of an Arab tent. Ends October 20.

### Venice

Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten. Ends Nov.
San Giorgio Maggiore: Hogarth — a beautifully chosen study of the life's work, prints, drawings and paintings, of the first great English artist of the 18th century, William Hogarth, organised jointly by the Cini Foundation in Venice and the British Council. Hogarth has never been shown abroad before, and this master of the picaresque and social satire could hardly be seen to greater advantage than in the city of the Carnival.Until November 12.

### Mantua

Palazzo Te, Truttiere di Palazzo Te, Reggia Gonzaghesca.A vast exhibition devoted to Giulio Romano, Raphael's favouritepupil, who spent the last 20 years of his life in Mantua, producing masterpieces of architecture, painting, engraving and fresco. Ends November 12.

### Florence

Forte di Belvedere. African Art: The Roots of Modern Art. One hunded and fifty sculptures, mainly in wood, produced by 68 different tribes spread through central, western and southern Africa. The works, lent by 12 major museums and 21 private collections, date for the most part from the last two centuries, but with an introductory section containing works from the third century BC. Ends Oct. 29.

### New York

Whitney Museum. A special exhibit from the museum's extensive holdings of Edward Hopper highlight the realistic painter's Paris and domestic scenes among the 150 pieces in all media. Ends Nov 5.
Museum of Modern Art. Covering only eight years, from 1907 to 1914, Picasso and Braque: Pioneering Cubism consists of more than 350 works of the two artists during their fruitful collaboration before Braque left for war. Ends Jan 16.

### Chicago

Art Institute. Fixing the Shadow shadows the history of photography at its 150th anniversary. Of the millions of possible contributions, the exhibit focuses on 400 pieces by 200 photographers organized chronologically. Ends November 16.

### Tokyo

Teien Museum. 400 Years of Edo/Tokyo. When the shoguns moved the seat of power to Edo in 1590 it rapidly became one of the world's largest cities. Works in this small but exquisite exhibition celebrating the city's arts and crafts range from scroll paintings and prints to porcelain, swords and a stunning kimono embroidered with wisteria. Closed 2nd and 4th Wednesday each month.
Suntory Museum. Japanese Textiles. A selection of fine works from a prominent American collection — ranging from elaborate kimonos and theatrical costumes to simple firemen's coats and other specialised garments. Closed Mondays.
Idemitsu Museum. Zen Paintings by Sengai (1750-1837). Ink paintings and calligraphy by a monk whose witty works reflect the essence of Zen Buddhism. Closed Mondays.
Bunkamura. The Museum. The Tale of Genji and Murasaki Shikibu. The opening exhibition at Tokyo's brand-new arts centre is devoted to one of the classics of Japanese literature and its authoress.

**ARTS**

# Die Walküre

**COVENT GARDEN**

The new Covent Garden *Ring* has got off to a magnificent start. The outstanding qualities of Wednesday's *Walküre* (sponsored by Grand Metropolitan) were the traditional, not to say old-fashioned, ones: superbly dramatic conducting by Bernard Haitink, at once lean in texture and rich in emotional impact, highly individual in its Wagnerian "sound-world" and conceived in grandly sustained long spans; the finest, most noble Wotan voice – James Morris's – the house has heard for many a long year; and a cast of distinguished Wagnerians able to distil deep, strong meanings from words and notes (even when some of those notes want beauty or steadiness of tone).

It may seem odd to commence a review of any modern *Ring* production this way – and odder still when the production is by Götz Friedrich, and anything but traditional or old-fashioned in its setting or conceptual basis. As a response to the great epic, this introductory instalment shows itself full of disturbing features, challenges, questions as yet without answers – Covent Garden audiences will have to wait for those in the first complete cycle, three years hence. Yet any Wagner staging capable of inspiring a musical performance of this calibre must be worthy of admiration and respect even from London's most hidebound Wagner conservatives.

This is, of course, Friedrich's second Covent Garden *Ring*. It was devised in the mid-1980s for the Deutsche Oper Berlin, and has been toured internationally by that company; when, after last year's *Das Rheingold*, all plans were abandoned for a low-cost Covent Garden cycle produced by Yury Lyubimov, the "portability" of the Berlin staging speedily recommended it as a feasible replacement. (And as a stopgap: when the house re-opens in 1996 after its planned three-year rebuilding programme, a wholly homegrown new *Ring* will be one of the most eagerly awaited undertakings.) Unlike the Friedrich cycle of the 1970s, with its brilliant feats of stage engineering and its allocation of a distinct visual identity to each opera, the Berlin-originated cycle keeps spectacle to a minimum and presents the entire tetralogy on a single set.

This is the already-celebrated (or notorious, according to taste) "Time Tunnel" designed by Peter Sykora: a series of arches inspired by the Washington Metro and stretching in perspective into the far distance. It is a *Ring* enclosed, shut off from Wagner's vast open spaces and skies; the cataclysm has already taken place – in Act 2 Wotan contemplates models of bombed cities (Berlin? Dresden?) – and all the events are wreathed with dark pessimism. (In Friedrich's words, "It's as though we have lost sight of heaven.")

There are fascinating futurist details to the set; even when (in Act 1) they jar most obviously with the words (tree? spring? moon?), the intellectual seriousness of the imagery is undeniable. The overpowering impression is of grey, dank, late-1980s despair: one has regularly to remind oneself that *Die Walküre* is generally considered the most radiantly lyrical and emotionally unstinting of the *Ring* operas.

And yet, because of Friedrich's precise handling of all the opera's characters and personal relationships, the impression is constantly mitigated. I have never seen a *Walküre* acted with finer-tuned sensitivity; in this respect the production is not just extraordinarily faithful to Wagner's staging instructions but as subtly and logically motivated as any stage-play. (The difficult long silent glances, so often removed from today's *Rings*, with which Sieglinde and Siegmund mark out their first encounter are enacted with wonderful naturalness.) In spite of the unpoetic surroundings and the often hideously unflattering costumes, these are "real people:" one cares passionately about them, and about their fate.

James Morris as Wotan

Morris, who in last April's super-naturalistic New York Met *Ring* was a wooden singer with a marvellous voice, is transformed, a Wotan with an inner life: the Farewell, deeply felt, sustained in a heartbreaking, gloriously mezzo-piano legato, and supported by Haitink and the orchestra with awesome hushed intensity, is the evening's natural, inevitable peak. Gwyneth Jones (Brünnhilde) and René Kollo (Siegmund), alumni of the previous Covent Garden *Ring*, may break phrases and bump out individual notes in familiar fashion, but neither has given a more touching or rounded portrayal on this stage.

The new Sieglinde, Gabriele Schnaut, possesses a strong, unalluring soprano tempered by passionate conviction; Helga Dernesch (Fricka) is perhaps the most completely poised artist on stage, making each syllable resonate with mature authority. Intelligent artists singing in their native language – Kollo, Schnaut, Dernesch – afford Wagner a vividness that is strictly incomparable. John Tomlinson, Bayreuth's Wotan, is here a keen, powerful Hunding; the Valkyries are better as a team than singly.

The last word must be with Haitink. He recorded this opera (for EMI) with a less good orchestra (the Bavarian Radio) before performing it in the theatre; the experience has proved invaluable, for whereas the records are no more than competent, solid routine, the Covent Garden *Walküre* is alive across the whole span of the drama, forward-moving and at the same time splendidly spacious in its architectural control. On another night the passing woodwind imperfections may be eradicated, the love music of Act 1 even more expansively shaped; it is hard to imagine Wednesday's final 20 minutes easily surpassed, or even matched. With this conductor in the pit the latest Royal Opera *Ring* is full of highest promise.

**Max Loppert**

# Othello

**THEATR CLWYD, MOLD**

The play is done on an empty stage of polished tiles, backed by a semicircular curtain. A row of modest lights runs round the curtain-top (lower for interiors than for outdoor scenes), and a weak spot, mounted 10 feet above the stage, shines obliquely throughout, only once more than ornamentally, when it flashes to hint at the lightning in the storm that sank the Turkish ships. As at Vienna's Burgtheater, there is no lighting from forward of the stage. The design is by Simon Higlett.

The costumes are anything from late Victorian on, but in Cyprus almost all the men wear dark blue brass-buttoned uniforms. Othello, handsomely played by black Hakeem Kae-Kazim, more Bantu in feature than Moroccan, is the exception. He wears Western dress, but over it, long white robes to suggest an Arab. He is clearly admired by all the Venetians, even by Iago, longing for similar status. The voice quality sometimes reminded me of Paul Robeson.

Oliver Parker hits Iago precisely as a competent, ambitious warrant-officer, but he might do something with his voice to emphasise his social inferiority to Mark Culwick's Cassio, an intimate of the high-ups, for these both look much alike from Row K.

The subtleties and the powers of the plot are made very clear. There are never more than the needed minimum of characters on stage, and a needed minimum of furniture (a point I shall come back to in a moment). Personalities are clearly blazoned in a minute; Iago is so clearly a crook that it's a marvel Roderigo (Cameron Blakely) doesn't notice it from the moment Iago cons him outside Brabantio's house.

Othello, summoned from tupping his white ram, is almost dictatorial, and the Venetians accept him as their equal or more at once. Like his ancient, he likes to make his good speeches down centre. Anna Patrick's Desdemona is as self-possessed as Othello at her first appearance. She is no mere innocent but a maturely confident young woman, and this makes her subsequent foolishnesses the more touching. But director Toby Robertson has misjudged the scenes of her death.

She has asked for her "wedding sheets" on her bed, and Emilia (nicely played by Elena Ferrari) confirms that she has put them on. But on what? Othello murders Desdemona in an armchair, and not without a struggle. The scenes afterwards, with Montano, Gratiano and the rest, look like a staff conference, though the director still has a surprise in store. *When Othello shows how he stabbed the turbaned Turk*, he pulls a little dagger from the ornament he wears in his hair – not too little to pierce his own heart.

The production is going rather slowly at the moment. It runs three and a half hours, without many cuts in the text. The fault, it seemed to me, was too much emphasis on the "Macready pauses," that are too many and too long. I am sure it will go better after a few days' playing. It runs until October 21.

**B.A. Young**

# Gulliver's Travels

**CROYDON WAREHOUSE**

The Lords of Misrule are a company formed only two years ago by a group of Oxford graduates. Among their aims is the intention to revitalise ideas and language in the theatre, not forgetting "the power and beauty of our English language" – in which they have the advantage over quite a few critics, most young playwrights, and the Royal Shakespeare Company, all categories often unable to remember just why the English-speaking theatre has lasted for four centuries.

This two-man adaptation of *Gulliver's Travels* comes into the ideas department. Alan Leigh, one of the performers, has adapted Swift's satire with a due, if unusual, emphasis on the bilious misanthropy. At least one young couple sitting in front of me seemed dismayed and surprised at various developments and – er – outcomes (this version shirks nothing in charting bodily needs), a reminder of how truncated, expurgated and distorted this particular classic has been over the years in its improbable metamorphosis into a children's story.

David Ford is the robust Gulliver, strong-voiced and energetic; the adapter plays all the other roles with the aid of a ghetto blaster for music (Colin Good's harshly jangling baroque) and sound effects (the gush that accompanies Lemuel's first pressing physical function in Lilliput), wigs, the occasional glove puppet, chalk and tape to mark out ship and tiring room on stage.

The inhabitants of Brobdingrag (not Brobdingnag as the publisher had it, so the author sharply reminds us) are distinguished by red noses. Differences in size are expressed by each actor standing in his own pool of light looking up or down as his character's dimensions demand. An imperishable Struldbrug winds himself in a white shroud printed with dates that take us well into the future and totters off, muttering, disgruntled under the weight of immortality.

The show won a Fringe First in Edinburgh in 1988 and has toured extensively. The effect is cumulative. By the time we reach the Houyhnhnms – Mr Leigh on lifts and walking sticks, chicken-wire horse's head, grey skin slung over him – the message is clear and strong. Equine nobility and human squalor come over movingly; the language, whinnied out by the actors, is absolutely convincing. The contrast between the sagacious quadruped puzzling over such alien concepts as money, law, war, government and religion, and the narrator, returned home to a now repulsive family in a world peopled by lawyers, soldiers, bawds, flatterers, politicians and the rest, is powerful. The uncompromisingly black final mood has a disgusted disdain to it that sets a Swiftian seal on the whole proceedings.

**Martin Hoyle**

# A Slice Of Saturday Night

**ARTS THEATRE**

As regularly as Saturday night, though thankfully not quite as often, the nostalgia musical arrives in town on the back of some more-or-less runaway bandwagon. The more honest of them – and this is one – admit to attempting little more than to raise a few goosebumps and let down a few yards of hair.

The trip this time is 1964, a year when as the programme note helpfully reminds us in another convention of the genre, Krushchev was deposed, British MPs voted to end the death penalty, and Nelson Mandela was sent down for life. And what were England's teenyboppers doing to mark the occasion? They were down at the Club a Go-Go dreaming of Twiggy and oggling the boy next door.

The cult following accrued by this rolling stone since it made its way from Brighton via Islington's King's Head to lodge itself in the heart of the West End was made clear by a swarm of paparazzi the like of which has not been seen since Jeffrey Archer's last blast, and a swarm of faces which looked as if they were once pinned up on one's bedroom wall.

There is something entirely endearing about watching a show about teenage fantasy and reality performed by a cast of virtual unknowns when one is sitting next to Gary Glitter, aware that the voice in the background is Roger Daltry's. If the Saturday Nighters' hearts missed a beat or two, they showed no signs of it in a musical that ran the gamut of adolescent emotions from A to B.

The Heather Brothers, whose work this is, are generous with their energy, providing a good couple of dozen numbers, original in the precise arrangement of words and chords though wickedly and deliberately derivative in everything else. The mood of Marc Urquhart's sharply tailored production is parody that lingers on the soft side of out-and-out style assassination.

There is cruelty in David Easter's portrait of randy and incontinent youth, just as there is in the absurd incongruity of Lisa Hollander's Mary Quant eyes and Mary Poppins morals. But there is also affection for the innocence of an age in which an impossibly young Monkey look-alike (James Powell) can find tremulous lerv in his last dance with a skinny waif (Mitch Johnson), and in which the dopey sexual advances of the local buffoon (Roy Smiles) are foiled by the gruffly paternal club owner, Eric, nine times winner of rock-till-till-you-drop contests.

It is with Binky Baker's Eric that the show pulls its trump card, firstly in creating a character who brings the oldest swinger back into vogue; secondly, in finding a performer willing and able (*pace* the lads) to keep it up. All else is of little consequence.

**Claire Armitstead**

# Mary and Lizzie

**THE PIT, BARBICAN CENTRE**

Ghosts and spectral images, spiked with non-sectarian regret, haunt the work of Frank McGuinness, be they soldiers at the Battle of the Somme, a remembered baglady by the Liffey, the dead youths of Bloody Sunday, the models of Caravaggio or the trolls of Peer Gynt.

You enter The Pit to find an improvised floor-level altar to the Virgin Mary stuck in front of a stage surface of interlocking coffin lids. Designer Ultz then adds swings for primitive Irish harpies, the opening chorus, and draped polystyrene busts, it turns out, of Marx and Engels.

As a translator of Ibsen, and an imaginative equivocator on Irish materialism, McGuinness has now reinvented Peer's mum, old Aase, in the shape of the resurrected mother (Darlene Johnson) of two Irish immigrant girls in mid-1840s Manchester who fell in with Engels as he researched his early masterpiece of fulminating reportage, *The Condition of the Working Class in England*.

The resultant play is really a vaudeville. It is probable that Mary Burns (Maureen Beattie), with whom Engels later lived for many years, was his open-sesame to the nauseous cess-pits of misery he found as a pampered visiting bourgeois with revolutionary ideals. McGuinness portrays her and an intermediary, narrating sister, Lizzie (Lesley Sharp), as avenging spirits of Ireland, spurred on by an hilarious Constance Shacklock in Republican tricolour (Pip Hinton) to find their father.

He emerges, in a queasy interlude, as a begrimed, down-trodden miner played by Robert Demeger in purple body make-up. This is suddenly meant to be serious, which is confusing after a pantomime intervention by Nicholas Woodeson as Queen Victoria, pirouetting on pumps with a bucket and spade; and Marx and Engels in bed together, the former reciting an Ode to Materialism while the latter regrets the materialist waste of the skin which once encased his chum's circumcised penis.

Simon Dormandy is Marx, Simon Russell Beale is Engels. Their double act is exposed by the sisters in the brilliant, alarming first scene of the second act, where Jenny Marx (Katy Behean) arrives to throw Engels' words about the slovenly, drunken Irish back in his face. This is dramatic dynamite but political rubbish: Engels' arguments (not nearly as racist as Carlyle's, which Engels quoted in this section of his book) are cool, dispassionate and based in demographic truths.

The charge of Mary, who has administered a blow-job to Engels while he excitedly defines the distinction between scientific and Utopian socialism, is that before he changes the world he should change himself. The heart sinks at such banality, especially in a writer of McGuiness's talent.

The first chorus of bog-Irish harpies is succeeded by a reincarnation of Mary's six dead sisters in Beardsleyesque finery celebrating the Great Hunger of 1846. This is a marvellous juxtaposition of symbolist dramas and the mythological playlets of Yeats. More confusingly, they march on at the end as Russian prisoners in search of lost sons. It is these links that Sarah Pia Anderson's production, superficially enjoyable, signally fails to explain or flesh out.

Engels' book as a crucial element in the swelling imperial theme is not properly integrated in the play. Other connections remain to be made, such as Engels' response to the trainee Queen Victoria, jumpily delegating to Lord Melbourne.

All evening, you think "If only," and wonder if McGuinness might not have buckled down a bit more and written a Tom Stoppard-ish pot-pourri with political bite.

The most successful areas of the experiment – and if The Pit is to mean anything, it should house more such difficult, muddled work by major writers; easy perfection belongs elsewhere – reside in the music, the atmosphere of an Irish culture calling down the years, the sense of an avenging sorority. It is surely significant, too, that the Republican immigrant Catholics talk in marked Ulster accents.

**Michael Coveney**

# English Chamber Orchestra

**BARBICAN HALL**

The English Chamber Orchestra made a worthy but unexciting start last night to this season's series of concerts at the Barbican. A return to the hall after the summer happily (for the ECO, at least) reaffirms that a chamber orchestra sounds better here than its full-sized counterpart, while raising again all the old doubts about the acoustic: any instrument near the back really does sound an awfully long way off.

The programme featured Colin Davis in two of his favourite composers, Mozart and Stravinsky. One always expects this combination of music and musician to yield dividends and so it did on this occasion, especially in the unforced expression that Davis is able to tease out of slow movements. But it has to be said that the zest of his conducting in earlier years has given way now to a manner deeper and more introspective.

The performance of *Apollon Musagète* that opened the concert was affectionately shaped, but without the rhythmic edge that might have given it extra lift. The gestures that Davis favours most often are a hand sweeping broadly along, to signify bows drawn long across the string, and elbows weighing down for depth of sound. The music responded inevitably with a feeling of emphasis and seriousness, as it was to do later in Mozart's "Jupiter" Symphony.

In between came the same composer's Piano Concerto No 22 in E flat, K482, with Elisabeth Leonskaya as the soloist. This, too, was a sober performance, the limpid tone of the pianist matched by subtle expressive shading in the orchestra that reached real eloquence in the Andante. But when it was time to throw inhibitions aside and let the finale run joyously away, the performers tied it down – too little energy, too much thoughtful interpretation.

Leonskaya used Britten's cadenzas, no doubt inherited from her sometime duet partner, Sviatoslav Richter. Even when one is expecting them, these come as a bit of a shock, though Leonskaya imaginatively made much of the unusual chance to show off expertise in two styles in the course of one concerto.

**Richard Fairman**



# ARTS GUIDE

## September 29 to October 5

### OPERA AND BALLET

**London**

**Royal Opera, Covent Garden.** The new attempt at a Royal Opera Ring opens with *Die Walküre*, in a production by Götz Friedrich adapted from his Berlin staging. Bernard Haitink conducts and the cast includes James Morris, Gwyneth Jones, René Kollo, and Gabriele Schnaut. Final performances of *Rigoletto*, with Ingvar Wixell, Leontina Vaduva and Jerry Hadley, conducted by Sian Edwards. **English National Opera, Coliseum.** English National Opera, Coliseum: Kurt Weill's magnificent *Broadway opera* Street Scene comes to London. David Pountney's production is conducted by Carl Davis; the cast includes Kristine Ciesinski, Janis Kelly, Bonaventura Bottone, and Richard Van Allan. Further performances of Verdi's *A Masked Ball*. Further performances of the unevenly sung revival of *The Magic Flute*.

**Paris**

**Théâtre de la Ville.** Jiri kylian and the Nederlands Theater come with a programme often influenced by Czech folklore and Slav nostalgia, welding choreography with music(42742277) **Théâtre des Champs Elysées.** *Der Rosenkavalier* is performed by the Paris Opera Orchestra, conducted by Georg Schmoehe in a new production, co-produced by the Theatre Des Champs Elysees, the Montpellier Opera and the Nantes Opes (47203637)

**Vienna**

**Staatsoper.** *Rigoletto* is conducted by Leopold Hager with a cast including Patrizia Pace, Waltraud Winsauer, Hans Christian; *Chowanschtschina* by Mussorgsky is conducted by Claudio Abbado with Ludmila Schemtschuk, Heinz Zednik and Joanna Borowska; *Der Rosenkavalier*, conducted by Silvio Varviso, features Gundula Janowitz, Margareta Hintermeier, Helmut Wildhaber. *Tosca*, by Puccini. (Mon., Thurs). *L'Elisir d'Amore*, by Donizetti. Cast includes Alida Ferrarini, Noriko Sasaki, Rolando Panerai. (Tues)
**Ballet:** Waltzes. Conducted by Caspar Richter. (Wed)

**Volksoper.** Operas and operettas this week: *Die Zauberfloete* by Mozart. Conducted by Konrad Leitner. (Fri).*Der Opernball* by Richard Heuberger, conducted by Rudolf Bibl. (Sat).*Die Csardasfurstin* by Emmerich Kalman. Conducted by Rudolf Bibl. (Sun).*Die Fledermaus*, by Johann Strauss, conducted by Rudolf Bibl. (Mon).*Der Freischutz* by Weber. Conducted by Dietfried Bernet. (Tues).*Die Zirkusprinzessin*, by Emmerich Kalman, conducted by Herbert Mogg. (Wed).*Mignon*, by Ambroise Thomas, conducted by Ernst Maerzendorfer. (Thurs).

**Berlin**

**Opera.** *Tosca* returns with Natalia Troitskaya in the title role, Franco Bonisolli, William Dooley and Rolf Kühne.

**Hamburg**

**Staatsoper.** *Der Troubadour* has fine interpretations byGiorgio Zancanaro, Nina Terentjewa, Sharon Sweet and Lando Bartolini. *Der Liebestrank* has Hellen Kwon, outstanding as Adina with Kurt Streit, Alexandru Agache, Rolando Panerai and Gabriele Rossmanith in other parts.

**Bonn**

**Opera.** The new *Aida* production, by Jaques Karpo has Rosalind Plowright repeating her much praised performance in the title role and is expertly conducted by Bonn's music director Dennis Russell Davies.

**Frankfurt**

**Opera.** Britten's *Ein Sommernachtstraum* is respectable with singers Jochen Kowalski, Linda Griffitz, David Bennet And Vladimir de Kanel. *La Bohème* stars Gyoergyi Benza and AlbertoCupido. *Un ballo in Maschera* returns with a new cast led by Lubica Rybarska, Bruno Beccaria, Michal Shamir and Vera-Baniewicz.

**Cologne**

**Opera.** The successful Harry Kupfer *Jenufa* production features Eva Tamassy. Linda Plech, Leonie Rysanek-Gausmann, Guenter Neumann, Alfred Kuhn and is conducted by Cologne's new music director James Conlon. The rarely played *one act* operas by Rossini *La Cambiale di Matrimonio*/ *Il Signor Bruschino*.

**Munich**

**Opera.** *Le Nozze di Figaro* features Lucia Popp, JeannePiland, Angela Maria Blasi, Alan Titus, Alberto Rinaldi, KallenEsperian, Julie Kaufmann, Franz Grundheber, Francesco Ellero.Also offered Rossini's rarely played *Mosé*, *Fuert Igor* with Cornelia Wulkopf, Gabriele-Maria Ronge, Bodo Brinkmann and Robert Schunk and *Madama Butterfly* with Eugenia Modoveanu and Gudrun Wewezow.

**Naples**

**Piazza del Plebiscito.** An outdoor "festa" of music and dance sponsored by the Banca di Napoli and major Italian state holdings and broadcast in Eurovision.

**Rome**

**Teatro Olimpico.** The Accademia Filarmonica Season opens with a gala evening which for once lives up to this suspect term, with eight truly distinguished performers. (Fri. Sat. Sun.).(293304)

**Milan**

**Teatro Nazionale.** The Scala ballet company in *Les Sylphides*, Balanchine's *Apollon Musagete* and Birgit Cullberg's *Signorina Giulia*, with piano accompaniment by Michele Fedrigotti (4396700).

**New York**

**Metropolitan Opera.** James Levine conducts the opening gala of *Aida* in Sonja Frisell's production with Aprile Millo, Placido Domingo and Sherrill Milnes, in a week that includes *Porgy and Bess* with Priscilla Baskerville and Larry Marshall in Puccini's *Il Trittico*. Lincoln Center (362 6000).
**New York City Opera.** The week includes the first performances of *Die tote Stadt* in a decade with Frances Ginsburg as Marietta, John Absalom as Paul and Stephen Dickson as Fritz in Frank Corsaro's production conducted by Klaus Weise; and *Madama Butterfly*. Lincoln Center New York State Theatre (877 4700).
**Martha Graham Dance Company.** One of America's premiere modern classic theatres perform mixed programmes from their extensive repertory. *Ends Oct 22*. City Centre (581 7907)

**Washington**

**Pacific Northwest Ballet.** Return engagement features the world premiere of Firebird choreographed by co-artistic director Kent Stowell, among works by Balanchine, Paul Taylor and the other co-artistic director Francia Russell. **Joffrey Ballet.** Fortnight's engagement celebrates Nijinsky's 100th birthday with the performances of *Le Sacre du Printemps* and *Les Noces*. Ends Oct 15. Kennedy Centre Opera House (254 3770).

**Chicago**

**Lyric Opera.** The opening production of *Tosca* with Eva Marton, Luciano Pavarotti and Siegmund Nimsgern is conducted by Bruno Bartoletti in Deppe De Tomasi's production. Jiri Kout conducts *Der Rosenkavalier with Anna Tomowa-Sintow*, Kathleen Battle and Julian Patrick (332 2244).

**Tokyo**

*La Traviata* performed in Italian by the Nikikai Opera Company, with popular Japanese soprano Shinobu Satoh as Violetta. Tokyo Bunka Kaikan (Wed) (370 6441).



**SALEROOM**

# Christie's to sell Picasso

An astrolabe made in 1462 by Regiomontanus, the greatest astronomer of his time, sold for £209,000 at Christie's South Kensington yesterday, on target. It carries the names of 30 stars with their pointers and what is traditionally said to be a portrait of Regiomontanus as an angel on the reverse.

Another important astrolabe, made in Augsburg in 1576 by Christoph Schissler the Elder sold to Simon Bull for £187,000, three time the estimate. He was regarded as the best scientific instrument maker of his time.

The record prices paid for paintings by Picasso last season has persuaded numerous owners to sell off their treasures. The top price in New York this autumn is likely to be paid for "Au lapin agile," one of his circus studies which might make over \$30m at Sotheby's in November, while yesterday Christie's announced it was disposing of another Picasso, a very early "La Maternité" of 1901, which should exceed £10m, making it the most costly work to be disposed of in London this season.

In Christie's sale of 19th century works of art yesterday, "La juive d'Alger," a bronze parcel gilt and enamelled bust with amethyst eyes and onyx drapery, produced by Cordier in Paris in 1863, sold for £187,000.

**Antony Thorncroft**

# New name for SWRB

Sadler's Wells Royal Ballet is no more. The name was always a confusing mouthful and so there will be few tears over its disappearance. Henceforth the company will be known as the Birmingham Royal Ballet in recognition of the fact that Birmingham City Council is providing it with a new home at the Hippodrome Theatre, at a cost of £4m, complete with rehearsal studios, office space, health studios, etc, plus a nice subsidy of £1m over three years.

The company moves into its new premises in September 1990 for a two week season. Over the two years from 1990 the better funded company will present four newly created works including a ballet by David Bintley, plus eight ballets new to the company.

It will still spend most of the time touring and expects to dance in London for more weeks than it did when linked to Sadler's Wells. IBM is to sponsor the first season in Birmingham.

**A.T.**

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# The Polish package

SOMETIMES AN onlooker has to pinch himself to make sure he is still awake. Here, in the midst of this year's rather boring annual meetings of the IMF and the World Bank, is Poland's new Finance Minister, Mr Leszek Balcerowicz, proposing to transform one of eastern Europe's shakiest command economies into a market economy – and in short order, too.

Western leaders will ask whether the reform programme being advanced by the new Polish Government is workable. The question is important, but it cannot be answered, for the simple reason that what the Poles are proposing to do – the comprehensive liberalisation of a collapsing, centrally planned economy – has never been attempted. The West's leaders will have to take a gamble. In so doing they should remind themselves of the size of the potential gain and stop looking so anxiously at their wallets.

Success cannot be guaranteed, but the ideas advanced by the minister, though sketchy, are *encouraging. The Government* seems to be aware that it will only succeed if there is swift implementation of the triad of stabilisation, liberalisation and privatisation.

## Ending subsidies

*With inflation for* 1989 likely to be well over 200 per cent and still rising, nothing is more important than elimination of the fiscal deficit and so the planned withdrawal of subsidies to food and loss-making industries. In dealing with inflation, however, backward *indexation of wages is a trap*, because it would greatly slow the disinflation. Far better to act swiftly, with as little wage indexation as possible, and deal with the consequences through the planned reform of social insurance.

The debate over whether firms should be privatised or given independence under public ownership, instead, is unhelpful, since independence is most unlikely to be achieved without privatisation. Fortunately, trade liberalisation, itself a necessary condition for a rational price reform, would minimise the danger of exploitation of any private monopolies that may emerge (provided the natural monopolies remain in public hands).

In all these areas the new Government's plans are on broadly the right lines. It is on the details that western assistance is needed. In offering assistance, the West should recognise three broad principles: first, it should not be given in forms that are likely to make the problems of the Polish economy worse – food aid being an obvious example; secondly, all assistance should support the reforms, but without significantly reducing the pressure to implement them; and, last but not least, the limit should be set by what can be properly used, not by what can supposedly be afforded. This is no time to be penny wise and pound foolish.

## Debt-equity swaps

The IMF's role in providing technical advice to the programme of macroeconomic stabilisation is, as the Polish Government itself recognises, important. But the idea of loading Poland with yet more debt *in the form of large stand-by* credits is quite unattractive. Grants from western governments seem far more appropriate. Meanwhile, the International Finance Corporation could help with privatisation. In this specific context, debt-equity swaps would seem highly appropriate, given the Polish need for foreign capital and entrepreneurship and the importance of reducing the external debt at the same time.

The most valuable form of assistance from foreign governments would be debt relief. One possible approach would *be the elimination of payments* of principal and interest on official debt, on a rolling, two-year basis. Meanwhile, the least the European Community can offer is unrestricted market access to Polish exports.

While the West must be prepared to do everything it can, the Polish Government should remember that these reforms are being undertaken for the sake of its own people; that they cannot succeed without comprehensive domestic change; and that nothing that can be done from outside will make up for a failure to act decisively at home. Foreign assistance, though vital, is at best a helping hand; it should never be viewed as a crutch.

# US goals in the Uruguay Round

NO ONE contemplating a wager on the outcome of the Uruguay Round of multilateral trade negotiations can now *afford to ignore the part of the* talks related to protecting intellectual property rights. Hitherto overshadowed by the debate on farm reform, intellectual property has emerged as a make-or-break issue for the round as a whole.

The reason lies in the *growing strength of the business* lobby concerned with intellectual property in Washington. This has already managed to establish intellectual property as a top preoccupation of US trade policy, producing regular rows between Washington and countries such as Brazil and *Thailand (on* pharmaceuticals patents), Taiwan (on motion picture copyright) and Finland (on mobile phone components). Lobbying pressure was also behind the long list of 25 countries singled out by the US Trade Representative earlier this year for special watch because of their lax enforcement of intellectual property rights.

## Washington lobbies

As they start to look towards the end of the Uruguay Round, trade negotiators acknowledge that success will require more than just agreement in the General Agreement on Tariffs and Trade itself. The resulting package of trade liberalisation measures must also be sold to the US Congress without whose endorsement it cannot take effect. This process will unleash a new wave of activity by the various Washington lobby groups. Experienced hands say that the group concerned with intellectual property has the muscle to persuade Congress to block any unsatisfactory result.

The lobby links companies from *a wide variety of industrial* and services sectors as well as geographical locations. All of them can perceive a direct benefit to their business from better protection of their intellectual property. They also couch their arguments in a disarmingly populist way calculated to fire congressional imagination. Rampant international abuse of intellectual property rights, they say, is straightforward theft of US property.

To satisfy them the Bush Administration will have to come up with an agreement that sets firm international *standards of protection for* patents and copyrights with an equally firm commitment to enforcement and an effective dispute settlement mechanism so that wrong-doing can be speedily redressed.

## Seen as a ruse

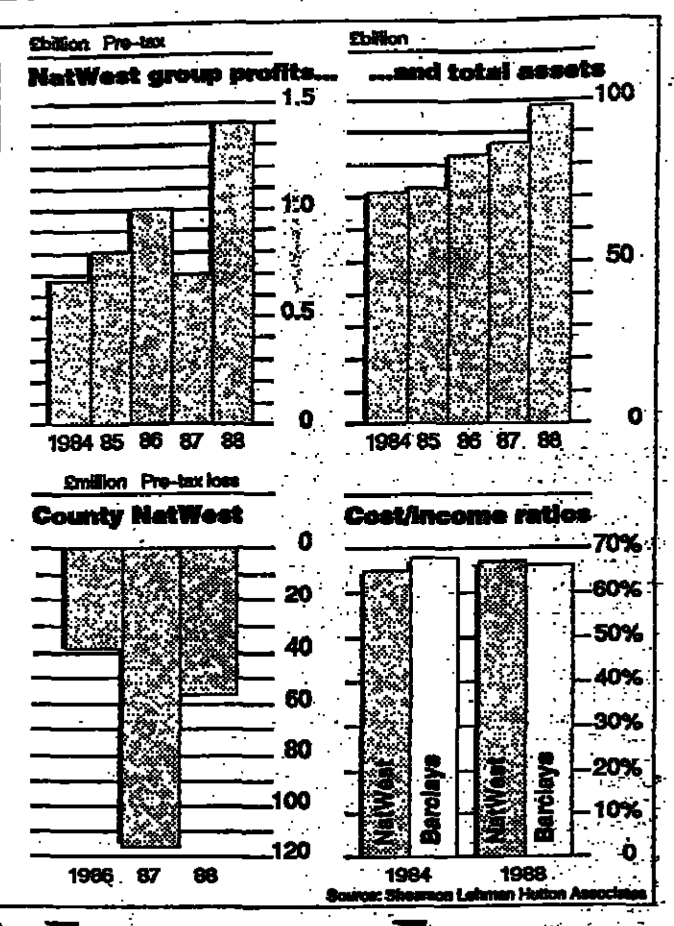
This is a tall order, given the slow progress in the talks on intellectual property so far. Developing countries such as Brazil and India ignore the advantages that might accrue from tougher standards in terms of increased foreign investment. They regard the whole process as a ruse designed to reinforce the neo-colonial dominance of multinational corporations and to prevent the developing countries gaining access to technology which they need to promote their own development. At the very least new rules *would* force them to start paying for access to industrial processes that they have been used to obtaining for nothing.

Accepting new disciplines would thus be a real concession on their part. Many developing countries will not make it without a worthwhile quid pro quo from the US, probably in the form of a firm commitment to liberalise trade in textiles, a part of the round where the Bush Administration has so far displayed uneasy reticence for fear of offending its traditionally vocal textile industry.

The need to win agreement on intellectual property without giving too much away on textiles will pose both a risk and an opportunity for the US as the round moves into its final year. Without a trade-off *acceptable to both Congress* and the developing countries the whole exercise could founder. Yet the textile industry has been defeated twice in recent years in efforts to push new protectionist legislation through Congress and is not as powerful as it once was. Handled carefully, this is a challenge which could lead to significant progress on two important fronts as well as securing success for the round as a whole.

# David Lascelles assesses the task ahead at the UK's second-biggest bank

# An outsider takes over at NatWest




IN normal times, the installation of a new chairman at one of the UK's top clearing banks would be the occasion for a bit of pomp and circumstance.

But these are not normal times at the National Westminster Bank, and the arrival of Lord Alexander next Monday will rub home that fact. This towering barrister was not due to take over until next January, but carefully laid succession plans had to be scrapped when his predecessor, Lord Boardman, became a casualty of the Blue Arrow affair last July. Lord Boardman retired early after accepting the conclusions of the official inquiry into the share-rigging scandal that "a highly unsatisfactory state of affairs" existed at NatWest and County, its investment banking arm.

Thus, Lord Alexander's installation is a reminder of just how severely that affair shook the bank, though by the same token it gives NatWest the opportunity to claim that Blue Arrow belongs to the past. This is certainly the message that Lord Alexander will be trying to get across. In his introductory tour of the bank and its branches he has found, he says, "a remarkable display of determination to recover from that setback," – though Blue Arrow is only one of many challenges that will be facing him.

Lord Alexander arrives as a virtual outsider to NatWest's headquarters. As one of the country's best-known QCs (noted particularly for winning Mr Jeffrey Archer's libel case against the Star in 1987), he has no direct experience of either banking or corporate governance. He readily admits his low state of knowledge in matters of high finance, let alone the technicalities of Third World debt or even credit cards. His experience of the City is wider: he has just completed a two-year spell as chairman of the Takeover Panel.

It is for the wealth of his connections, his persuasive manner and a mind brimming with common sense that he was sought out, and not for his ability to man the bridge of the banking equivalent of a supertanker.

In some ways this is a strength. NatWest remains one of the dwindling band of banks which still seeks its chairmen outside. Lord Boardman was a politician, and his predecessor, Robin Leigh-Pemberton was a barrister. They performed the ambassadorial role while NatWest's tight-knit management team – all of them clearing bankers to the tips of their toes – got on with running the bank. "The bank was looking for an outside perspective," says Lord Alexander of his appointment.

But this may also be one of the weaknesses of the NatWest structure which was exposed by Blue Arrow. Neither Lord Boardman nor the bank's management were on top of events at their turbulent County offshoot, and their lack of sophistication in investment banking matters proved fatal.

Lord Alexander will not be bringing any special expertise in this area *either. But the NatWest solution to* the County problem has not been to import more of the investment banking culture into group headquarters – as Barclays has done with Barclays de Zoete Wedd – but to tighten the leash on County by, among other things, putting more group directors on its board. "County needed stronger management and much better systems of control," says Lord Alexander. "Both are now well under way."

As for NatWest's decision to keep County going at all after the crisis, Lord Alexander says: "It must make sense to continue to offer a full service to our corporate clients." Though he shrinks from using the word "synergy," he argues that a clearing bank can lend strength to a merchant bank, and the other way round. And though County itself has lost business in the storm of bad publicity, he says that the clearing bank branches are not noticing any damage from the Blue Arrow fall-out. Banking customers were sophisticated enough, without being told, to realise that this did not affect the security of their bank.

Nevertheless, NatWest has now fallen some way behind its competitors in the intensely competitive investment banking market, and its own executives admit that a long haul lies ahead. Whether the benefits that County brings to the group outweigh the stresses and losses it has caused is still doubtful, and Lord Alexander *may have to decide that NatWest is* better out of the business, rather than just in the second rank.

While restoring group morale will be at the top of his immediate agenda, NatWest's new chairman will also have to focus on the longer term prospects for the UK's second largest clearing bank at a time when *fresh competitive challenges loom.*

The very fact that NatWest is now second rather than first in the UK banking league indicates the quickening pace at the top of the industry. NatWest lost the number one position last year to a reinvigorated management at Barclays. While NatWest could console itself with the thought that size is not everything, Barclays's notable success with BZW suggested that there were qualitative differences in management as well.

Lord Alexander says he took soundings when offered the top post about the quality of the people who run NatWest. He was assured that the bank had "management in depth" – a view which outsiders generally hold too, at least in traditional banking. Since getting to know them he has formed the opinion that NatWest has "an outstanding chief executive" in Mr Tom Frost, a banker known for his stress on marketing acquired from a five-year spell running the US subsidiary.

Certainly Lord Alexander sees the bank's strategic priority lying in its traditional retail markets, which is where NatWest has always been strongest, rather than in new departures. With over 3,000 branches, it has the largest network of any commercial bank in Europe. Recently, this business has been enormously profitable thanks to the strength of demand for loans in the UK.

The rise in interest rates has put a damper on that business. But the *question facing all the clearing banks* – NatWest particularly because of its dominant presence in the high street – is whether growing competition from building societies and others have pushed high margins permanently into the past and forced banks to earn their living the hard way.

Lord Alexander adopts the conven*tional line that banking competition* has never been tougher. He says it comes from greater awareness of price and choice among consumers. "But I'd like to think that their needs can be met by us," he says, referring not just to normal banking services, but others like mortgages and investments where he thinks banks can gain new territory.

On the corporate banking side he was particularly encouraged to find that the traditional view of a bank manager as a man who sits at his desk and waits for people to come to him is changing. "Now, corporate banking officers are getting out and seeing customers. They're thoroughly enjoying getting out and advising their clients."

NatWest is the dominant bank in the UK small business market with a claimed 30 per cent market share and a loan portfolio of £7bn. Aside from the commercial satisfaction this gives him, Lord Alexander approves because of the wider role he thinks banks should play in community affairs.

Stacked against these gains is the huge increase in costs which NatWest has suffered in recent years. Three years ago, NatWest's ratio of costs to income was the lowest among the big four clearers at 63 per cent. In the first half of this year, the ratio stood at 65.7 per cent, pushing NatWest into third place. But the ratio is heading down again, and Mr Frost has *launched a campaign to save £200m* of costs over the next 2-3 years.

That may not be easy. Lord Alexander says he was appalled by the amount of paperwork he discovered in the cheque clearing process. He thinks NatWest will have to invest heavily in technology to get rid of it. And despite the depth of management *he claims to have found at the bank,* it is working at full stretch and will have to be supplemented by more talent from outside.

While protecting its home market, NatWest also needs to find new avenues for growth. Some of these may come in Europe. Lord Alexander thinks NatWest has a lot more to learn there than in the more distant US market where it has been in the retail banking business for more than 10 years, and, uniquely among the clearers, making a success of it. Aside from a medium-sized bank in Spain, NatWest has only a sprinkling of branches on the Continent, and it has taken a cautious approach to 1992. But Lord Alexander says NatWest "must be at the leading edge."

As competitive pressures build up, Lord Alexander will face a mounting conflict between the need to preserve profit levels and banker's prudence. Earning, as it does, over £1.5bn a year, NatWest needs to find £150m of new profits each year just to keep growing at 10 per cent – a tough assignment at a time when banks are also being told by the Bank of England to carry more capital.

Lord Alexander sees his role partly as a sheet-anchor to prevent the bank chasing after the fashions which so often lead to trouble, like property lending, or Third World debt. NatWest managers will therefore find their bright ideas undergoing the searching scrutiny of his hooded gaze.

He confesses to mounting anxiety about the quality of some lending, particularly of the highly leveraged kind which has caught on in the US and is now spreading to the UK.

As chairman of the Takeover Panel he has been reluctant to comment publicly on the financing of bids. But, in his new role, he is likely to become more outspoken. "I'm glad that there is an increased concern about this in the US and that the concern is *spreading here,*" he says. He recalls reading an academic study which concluded that a recession in the US on the scale of that in 1973 would cause 25 per cent of US companies to go bust.

Not that NatWest is a big player in the leveraged finance market. But he will be urging prudence. "We will *offer loans to buy a car but not for a* good Chinese meal."

Would this prudent approach include writing off 100 per cent of NatWest's £2.8bn of Third World loans, as J.P. Morgan of New York now seems ready to do? NatWest is, after all, relatively unexposed to shaky countries; it has already provided for 48 per cent of its lending and could afford to get rid of it completely if it wanted to. Traditionally, though, such drastic action would be thought disloyal to other clearing banks which were less strongly placed. But Lord Alexander is impatient of such views. "There is no magic in the clearers sticking together," he says, though in a tone which makes it hard to judge whether he would push NatWest that far out of line.

So far as the shareholders are concerned, he says they must realise that NatWest has to compete against banks like the Japanese, which are allowed to gear their capital up much more highly and are willing to accept lower profits in the process. NatWest, he points out, is number five in the world in terms of bank profits, but 15th in asset size because the Japanese have bigger balance sheets.

*But such excuses will cut little ice* in the UK where NatWest is powerfully placed and should have sufficient strength to hold its place – and shrug off the effects of Blue Arrow. Lord Alexander's challenge will be to see that NatWest does more than that, and reasserts the leading position it so recently held.

**He will also have to focus on the longer term prospects at a time when fresh competitive challenges loom**

**He will face a mounting conflict between the need to preserve profit levels and a duty to stay the right side of prudence**

# Drexel takes to London

Is Beverly Hills coming to the City of London? And will Europe learn to love junk bonds? Such thoughts have crossed the mind ever since the word that Peter Ackerman, once heir apparent to the great (and indicted) Michael Milken at Drexel Burnham Lambert, is upping sticks and moving to London.

Ackerman, who is 42, will – in Drexelspeak – "co-ordinate the development of the firm's global high yield sales effort and multinational investment banking activities".

A first reflection was that the junk (or high-yield) bond business in the US really must be pretty washed out if Ackerman, an 11-year veteran of Milken's empire, thinks there are richer pickings in London. After all, the UK institutions have not exactly been running over themselves to buy the subordinated debt that Sir James Goldsmith dangled as part of his planned reconstruction of BAT Industries.

But the word from Beverly Hills is that, yes, the US junk bond market is displaying some characteristics of a commodity market and, yes, some of the Milken junk bond empire has had to be moved out of Beverly Hills as part of the deal Drexel Burnham made with the Securities and Exchange Commission to keep its securities licence.

On the other hand, Ackerman is not about to rush round Europe leveraging every corporate balance sheet in sight. Instead, he is said to see in Europe the kind of revolutionary conditions that preceded the great explosion in the US junk bond market in the early 1980s.

The operative word is "ferment". Ackerman will not so much campaign for junk bonds *per se*, but for the Drexel innovation that gave the world junk bonds in the first place and might include a lot of fancy stuff involving equity, investing the bank's own capital in acquisitions, opportunities in eastern Europe and that sort of thing.

# OBSERVER

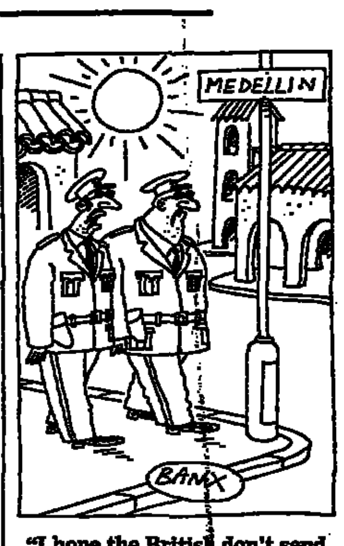
## Jolly Thatcher

■ Passing tribute to Mrs Thatcher: she is remarkably loyal to old friends. The Prime Minister has now turned up eight years running at the annual reception of the Newspaper Press Fund, a charity for journalists. She has no particular reason to like the press, yet each time she makes a rather jolly speech. On Wednesday she talked about a visit to Glasgow: "I gave them a load of home truths instead of a load of home rule, and they loved it." Also about her recent visit to the Soviet Union: "I was the first British Prime Minister to go to Siberia and certainly the first British Prime Minister to get out of Siberia."

As it happened, she rather lost the thread in the middle and became somewhat mystical about President Gorbachev and General Jaruzelski. But the opening remarks were superb. She should use that impromptu, knockabout style more often.

## More hunters

■ I am asked, in the nicest possible way, to point out that what Observer reported on *Tuesday about the founding* of the first Anglo-Japanese head-hunting firm in Britain is not quite true. There is another apart from the newly founded NB Selection Japan Limited. It is called Nippon GKR KK and has recently been joined by Michael Barrett, a fluent Japanese speaker who used to work for the British Council in Tokyo. Like NB Selection, it has a female Japanese liaison officer in Britain. The reason why we may not




"I hope the British don't send private security guards."

have heard of it before is that head hunting is very discreet: so much so that the buzz is that Nippon GKR is doing some important work for Toyota in Derbyshire.

## Finch fights

■ In March 1987 David Finch – an Australian staff member of the IMF since 1959 and one of the IMF's four senior operating officers – resigned. His complaint was that the IMF was being gravely damaged by US pressure upon it: his examples were interference in loans to Egypt and Zaire.

*Now a senior fellow at the* Washington-based Institute for International Economics, Finch has returned to the fray. His dismay is revealed in a pamphlet – The IMF the Record and the Prospect – published just before this year's annual meetings in the International Finance series of Princeton University's Department of Economics.

"Because decisions regarding financial assistance to indebted developing countries] were no longer based on compatibility with repayment terms," he argues, "lending was guided increasingly by the political preferences of the leading industrial countries. The collegial relationship of the IMF staff with the financial authorities of borrowing countries crumbled, and the credibility of the IMF suffered."

In the process, he asserts, "the narrowing focus of the IMF's financial assistance and the IMF's declining ability to maintain order even in the servicing of its own loans have steadily undermined the original intention to make the IMF a central monetary institution dealing with the problems of the major countries."

## Star & Garter

■ Anyone who has ever visited Richmond, Surrey must have noticed the Royal Star and Garter Home up on the hill. Founded in 1916 for disabled sailors, soldiers and airmen, it is still going strong. About 20 veterans from the First World War are still there; there are also younger service people, victims of Northern Ireland and the Falklands War. Even if universal peace breaks out tomorrow, the home will continue to have a role.

A charity is being launched to help fund it. This will take the form of corporate entertainment at Ascot, Henley, Windsor Great Park and perhaps a few more adventurous places. The profits will go to the home, which costs about £2m a year to run.

Ian Lashbrooke, the appeals *director at the Star and Garter*, says that this is the first charity to try to cash in on the social calendar.

Nice to read in the literature that Richmond used to be called Shene - after the German *schön*. The original site of the home was the model for some of London's more lavish hotels. The hotel had its swansong in 1898 when Indian princes came to Queen Victoria's Diamond Jubilee. It later went bankrupt.

*POLITICS TODAY*

# The magic that Labour needs

**By Joe Rogaly**

If the economic indicators go on like this for many more months I may have to revise my long-standing view that the Labour Party has no chance of winning the next election.

This observation owes nothing to economic forecasting, which anyone who follows it knows is bunk. It is so remote from what the few sensible economists like to call the underlying realities, since these do not accompany voters into the booths when they mark their little crosses. What it is all about is the perceived economic competence of the Conservatives. The last time I looked they still had the edge on this, but a few more months of headlines about record balance of payments deficits will erode it, and further increases in inflation and mortgage rates, whether voluntary or forced, could destroy it.

The Labour leader, Mr Neil Kinnock, has the balance of payments deficit imprinted inside his eyelids. Ever since the 1987 election he has been of the opinion that it would tumble the Tories out of power in the end. A run on the pound would contribute mightily to the realisation of this dream. If such a run took place during the next few months it might give Labour what the US President, Mr George Bush, calls the "Big Mo" – the momentum – that it must acquire if it is to maintain its lead over the Conservatives right through until 1991 or 1992.

Alternatively, Labour could be floated into office on a slowly rising sea of high interest and mortgage rates, accompanied by a rate of inflation stubbornly two or three points above the 5 per cent level the Conservatives are praying for. Such indicators do not always correlate directly with opinion poll ratings and election results. That is hardly surprising. They are factors of the greatest importance, but many other variables play a part in deciding how people vote.

Yet the coincidence of the trend-lines in the accompanying graph is remarkable. The level of poll support for the Conservatives has been indexed and set against a comparable index of the mortgage rate. The fit is uncanny. As the mortgage rate rises, support for the Tories falls, and vice versa. We can all play around with numbers on a personal computer, but such a mirror image is rare. Look at 1985. Look at the long haul to recovery in 1987. Now see what is happening in 1989. The Prime Minister has two years until an October 1991 election; anything later would be called hanging on until the bitter end and further damage the Tory case. Mrs Thatcher badly needs a resurgence of her Chancellor's good luck before the end of next year, or perhaps a new Chancellor.

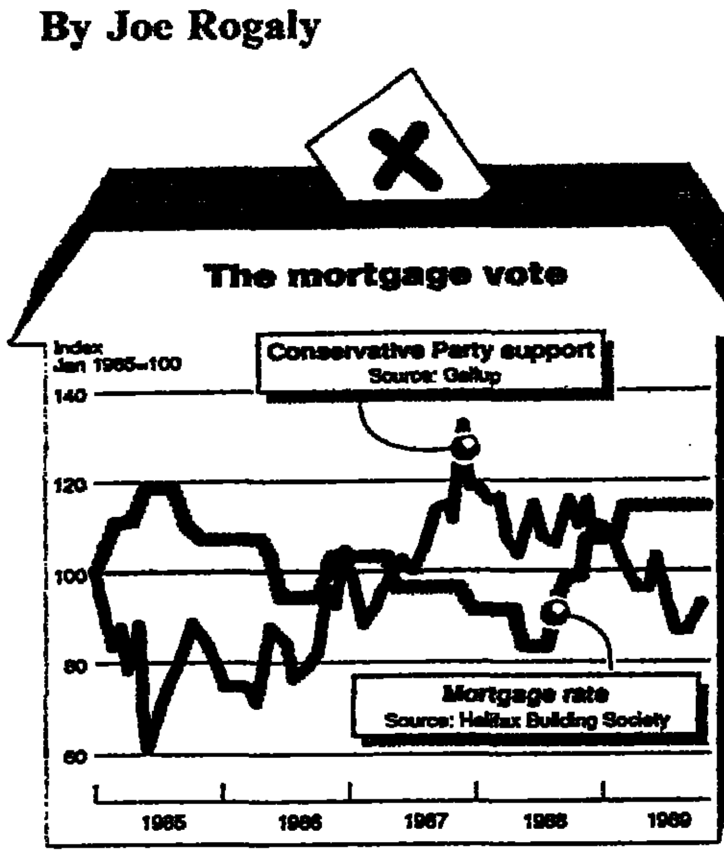
Mr Kinnock has to a large extent manufactured his own good luck, by abandoning some of the voter-repelling policies formerly propounded by the Labour Party. Unilateral disarmament has been cast aside and the European Community embraced. His achievement must, however, be put in proportion. The reshaping of his party is still incomplete. So far he has made Labour a contender in the event that the Government manages the economy so badly that the swing against it is greater than anything recorded in the post-war period. I still find it hard to believe that the Conservatives will be that incompetent.

Even if they are, Mr Kinnock cannot win outright unless enough Tory votes travel directly to Labour without stopping in the centre. This depends partly on Labour and partly on the centre parties. The necessary disintegration of the latter is already taking place. For the wonderful absurdities of British politics reached new heights at the recent conferences of the Social and Liberal Democrats, the Greens, the Scottish Nationalists and the rump Social Democrats. The last of these ended in pure farce on Wednesday as Dr David Owen continued his ludicrous game of stud poker with the two larger parties, daring them to call his bluff when the world knows his hole card is a three of nothing. "If you do what I say, I'll give careful consideration to joining you," he boomed, as Mickey Mouse might to Superman. His endorsement could once have benefited the Labour Party; by 1991 it may be an embarrassment.

What none of these parties or their leaders comprehend is that the British system of choosing governments depends on a method of voting known as first-past-the-post. They talk about proportional representation sagely enough, but show no sagacity in acting as if it were already in place. It is not. This means that either Labour or the Conservatives will always win unless the electorate perceives that a third force is strong, united and stands a chance. Such a third force existed before the last general election. At that time the Alliance seemed set to replace Labour and become the European-style social democratic party that Britain so badly needs.

Since then, for reasons it would be tedious to rehearse, the Alliance has dissolved itself. Where once the centre parties could aspire to around 30 per cent of the vote and rising, now all the tiddlers taken together, even throwing in the Welsh Nationalists for good measure, account for only 20 per cent or so of stated voting intentions. That fifth of the electorate is divided into half a dozen unelectable and mutually antagonistic fragments.

The Celtic parties have an obvious reason for their separate existences,




although under first-past-the-post both would do more for local autonomy if they worked for a Labour victory than by holding out alone. The Greens can reasonably say that their vision of a world in which industrial development is curbed and population growth is reversed is so different from the programmes of all the other parties that they have to stand aloof, in an aura of born-again virtue.

The Democrats and the Owenites have no such excuses: everything they want could just possibly be had if they wound themselves up and joined the Labour Party, which might win if they did. Dr Owen might protest that he is offering all and sundry a series of deals that would amount to an electoral pact, but this is correctly interpreted by his audience as a desperate call for a lifeline from an expiring party. If he means what he says about PR he should rejoin Labour and argue for it from inside.

You have to conclude that none of the above, except perhaps the Green Party, is really as horrified by the prospect of another *10 years of Margaret* Thatcher as they say they are. To hear them talk at their conferences Conservative rule is becoming an insufferable burden – in Scotland, to a nation that has decisively rejected the Tories; among Democrats, as a heartless return to a class-based society; to the rump SDP, as a sure road to the destruction of the National Health Service. If all this is true, why are these political midgets fighting one another, not to mention the only opposition party that could conceivably win next time?

The short answer is that Tory Government is not to them the worst thing that could happen to Britain; it is no worse than what they imagine would be delivered by Labour, and, to some in their secret hearts, possibly better. Whether this reasoning applies to their followers is another matter. Once we are back to two-party politics everything depends upon an old see-saw. On the one side is the degree of satisfaction with the Government's economic management. One the other is the inherent mistrust of Labour among the conscience-struck middle-class voters it must attract. Mr Kinnock has gone some way towards tilting that balance more in Labour's direction, and may go further at his party's conference, which begins in Brighton this weekend. Short of an unprecedented catastrophe, such as a high and rising mortgage rate for two more years, what he does will almost certainly be insufficient.

I suggested a few weeks ago that what might clinch victory, assuming a season of favourable winds for Labour, would be a commitment to proportional representation. This would leave centre-party voters with no reason to vote for the bits of the former alliance and every incentive to vote Labour. It would reassure waverers that Labour did not mean to win on a moderate programme and govern on a radical-red one – for if it did it would lose badly in a subsequent election based on PR.

Support for the validity of this suggestion has now appeared in the results of a Mori survey commissioned by the Electoral Reform Society. Just about half the population knows "just a little" or more about PR; among these there is a disproportionate number of middle-class, middle-aged and southern voters. They are the voters Labour needs. Mori's figures suggest that if the party embraced PR today it might gain at least a 2½ to 3 per cent swing from the Tories, and twice that in the south. The effect after a campaign to raise consciousness of the PR issue would presumably be more pronounced, but even at the lower level those few extra points could make the difference between a fourth election defeat for Labour, and, just at the remote edges of possibility, a victory.

If the Labour leader concentrates on this proposition he may yet overrule his deputy, Mr Roy Hattersley, and come out for proportional representation. He would also have to overcome some internal doubts. One reason why he is disinclined to accept PR in elections to the House of Commons is that he believes people would say that he did so from weakness, from a fear that Labour could not win on its own. This is a reason to do it while Labour is ahead in the polls, as it currently is. Another objection might be that he would not want to be accused of responding to Dr Owen's challenge. Since there is already a strong movement to have electoral reform debated in Brighton, that can be brushed aside.

These objections are of small moment when set against the potential recovery of the Conservatives. They know that mortgage rates can go down as well as up. Thus in spite of the balance of payments figures, the odds against Labour winning next time are still so long that Mr Kinnock needs every magic ingredient he can assemble. PR is one of them.

*LOMBARD*

# Home truths about trade

**By Michael Prowse**

THE CONSERVATIVE Party was able to storm to electoral victory in 1987 partly because its claim to have "transformed" the British economy seemed to ring true. Living standards were rising rapidly yet inflation and the balance of payments remained under control. In the 1986 Budget, Mr Nigel Lawson was sufficiently confident to claim that Britain was "now experiencing an economic miracle comparable in significance to that previously enjoyed by West Germany and still enjoyed by Japan." It was a heady moment. The sick man of Europe had become the Charles Atlas of the world economy in less than a decade.

Today, the muscleman is feeling unwell. Wage inflation is comparable to that inherited by the Tories in 1979. Unemployment is far higher and about to resume its rise. The balance of payments, as the August figures confirmed, is in ghastly shape: the current account deficit is running at an annual rate of £20bn or 4 per cent of gross domestic product.

The official line is that this is merely a temporary setback. In Mr Lawson's words, Britain has simply had "too much of a good thing." Consumption, owing to a muddle about monetary policy, was allowed to rise far too quickly. It leaked into imports and resulted in a rapid deterioration of the current account. However, monetary policy has been tightened. This is already curbing domestic demand and will shortly rein back the trade deficit. Meanwhile a host of microeconomic reforms has sharpened the competitive edge of the economy. Everything remains set fair for the 1990s.

You have to be extremely gullible to swallow this comforting story. Britain's trade difficulties have certainly been exacerbated by the consumption boom, but they also reflect a long-standing structural weakness – a weakness, moreover, that was exacerbated by economic mismanagement at the turn of the decade. The problem in a nutshell is that for most of the post-war period, the volume of manufactured imports has risen much faster than the volume of manufactured exports. A large manufacturing surplus was therefore gradually eroded. For years, the attrition did not seem to matter. The UK was saved by an improving trade balance – first in food and then in fuel.

In the early 1980s, ministers were cock-a-hoop. The balance of payments constraint on growth seemed to have disappeared. Britain was turning in big current account surpluses. But these were mainly a reflection of the sharpness of the 1980-81 recession, which curbed import demand, and the buoyancy of North Sea oil revenues. The reality was that the high sterling policy of the early 1980s had wiped out nearly 20 per cent of Britain's manufacturing base. The UK economy, unbalanced in the 1970s, was now far too dependent on services, most of which are untradeable. Yet consumers' appetite for manufactured imports had, if anything, grown. A rapid deterioration of the current account was unavoidable.

The challenge today is not just to curb demand via the blunt instrument of higher interest rates but to achieve a restructuring of the economy. The composition of output has to be brought more into line with the composition of demand. Deindustrialisation has to be reversed. Manufacturing industry has to expand much faster than the rest of the economy for a prolonged period. If it does not, any improvement in the trade deficit will be temporary.

But here lies a problem. The Government has resolved that the sterling exchange rate will be its principal tool for controlling inflation. Yet the exchange rate exerts its downward pressure on demand via the traded goods sector. Thus the sector which the UK needs to expand will bear the brunt of the anti-inflation policy. Mr Lawson may thus reduce the trade deficit in the short term but only at the expense of a further deterioration in the UK's long-term prospects. The only way out of this box is to accept the need for an anti-inflation policy which does not rely on the exchange rate. The obvious answer is some kind of incomes policy. Let's hope the Labour Party is willing to try it in 1992.

*LETTERS*

## Italian banking

*From Mr Piero Barucci.*

Sir, The style of the Italian banks is very much the same as that of all banks operating in the industrialised countries. The same applies to the reaction of the banking system to specific instances of possible fraudulent behaviour.

It seems to me that the Financial Times in several articles on the Banca Nazionale del Lavoro case, and notably in its editorial of September 26 ("Banking, Italian style"), has been too emotional in its judgment. One would have rather expected a more neutral attitude from your authoritative newspaper.

In my mind there is no bitterness, only a full awareness of how risky international and domestic banking has become in today's global market.

A process of change and improvement of the Italian banking and financial system is under way. The core of this process is competition and openness.

We are confident that this clearly defined trend will allow the Italian financial structure to face successfully the keener competition in the international arena, and to be an integral part of the financial environment which Europe is building up.

These tendencies would certainly emerge from any accurate in-depth and impartial analysis. The Italian Banking Association, for its part, will continue to contribute to such analysis.

Piero Barucci,
*Chairman,*
*Associazione Bancaria Italiana,*
*Piazza del Gesù 49,*
*Rome.*

## Raiders, bids and BAT

*From Ms Christine Large.*

Sir, Your leader ("BAT and the raiders," September 27) highlights the industrial and economic absurdity of allowing industry to become a hostage to "junk bond raiders."

In the same way that Mr Jacob Rothschild has commended BAT for "doing well at school," there are lessons to be learnt from the US takeover scene and an intimate knowledge of leveraged bid tactics. Following the example of one US state, changes in legislative thinking may be necessary to level the takeover "playing field."

In New Jersey, the law requires a takeover specialist who purchases up to 10 per cent of a company's shares to present a plan to the board of directors. A party that acquires more than 10 per cent and does not go to the board is prevented from merging or selling any part of the company for a period of five years. The board may also review not only the price of the tender offer, but also the effect the takeover would have on the company's employees, the community in which it is located and other people with an interest in the outcome.

The leveraged bid process requires monitoring so that no single entity in a takeover has an unfair advantage. Government and industry must not ignore the public policy dimension of bids, or the experiences of companies in the US.

Christine Large,
*Chairman and Managing Director,*
*Epigram Associates,*
*New Ruskin House,*
*28-30 Little Russell Street, WC1*

## EC directives

*From Mr Eric H. Dodson.*

Sir, In "The good, the bad, the indifferent" (FT September 25), David Buchan argues his case well. He demonstrates the problems made for the EC Commission by the reluctance of some EC member countries to implement the provisions of directives under which they are required to incorporate into their own laws adequate machinery to give effect to directives.

He might also have emphasised a proposition now well established in the English courts. It is that while a directive does not in itself impose obligations on, or give rights to an individual, the individual may none the less rely upon its provisions even if a member country has not expressly implemented the directive.

It may be envisaged, therefore, that an intrepid litigant – sued, for example, by a water supplier for its charges – might resist the claim by pleading that the supplies were not of the quality required by the relevant directives. An action of this sort would no doubt be a poor substitute for proper implementation, but indirectly it could bring about the same effect.

Eric H. Dodson,
*The Knoll,*
*27 Ladythorn Crescent,*
*Bramhall,*
*Stockport,*
*Cheshire*

## Textiles

*From Mr J.A. Nightingale.*

Sir, Nigel Lawson's declaration to the development committee of the IMF and World Bank ("Criticism of trade protection," FT September 26) that the Multi Fibre Arrangement (MFA) has imposed "an enormous cost on the world economy" and that developing countries have been denied free access to industrial country markets, appears to conflict with government policy.

The MFA has brought order to international trade in textiles and clothing. It guarantees a growing level of access to developed markets, particularly for the poorest supplying countries which would otherwise lose out to the dominant ones.

The future of the MFA is now under discussion in the GATT round of multilateral trade negotiations. At the mid-term review in April, it was clearly established that the future of the MFA must be linked to progress in strengthening the rules and disciplines of GATT. The Government has committed itself to this approach. There can be no question, therefore, of relaxing the MFA until there has been progress in dealing with dumping, export subsidies, and the tariff and non-tariff barriers which hinder our exports.

J.A. Nightingale,
*Apparel, Knitting & Textiles Alliance,*
*7 Swallow Place, W1*

## Fire and flood

*From Mr F. Seely.*

Sir, Hoorah for "Observer" (September 21) for exposing the muckraking perpetrated by the BBC's south east news after the 9.00 pm main bulletin. Is it really necessary for the BBC continuously to feed us with this type of news? It is not as though one item out of several was disaster related. Most of the time, all of them are. Surely among the millions who live in the south east, there must be other news besides accidents, rape, fire and so on.

F. Seely,
*20 Hambling Way,*
*Potten End,*
*Berkhamsted,*
*Herts.*

*From Mr Ivor D. Stevenson.*

Sir, The south east news is pathetic: most items in the bulletin would be spiked by the editor of a weekly local newspaper. Unfortunately, it takes its colour from the 9.00 pm main news which is equally compounded of "shock horror" stories.

My family watches the 9.00 pm news in the lingering belief that the BBC maintains a degree of accuracy and objectivity. Even so, the world is not that bad. We know, we live in it.

Ivor D. Stevenson,
*Nine Acres,*
*Abingdon Road,*
*Dorchester-on-Thames,*
*Oxon.*

## IT training

*From Mr Roy Towndrow.*

Some information technology employers ("IT employers failing to widen recruitment areas," FT September 25) have demonstrated that innovative approaches to IT training can alleviate the industry's shortage of skilled people. The National Computing Centre has estimated that that shortage will grow to more than 100,000 by 1993 from more than 20,000 today.

BP, Hewlett-Packard, FI Group, the Post Office, ICL and a number of other organisations recently started the Women into IT (WIT) campaign to encourage more women to take up careers in the sector. WIT aims to deepen the pool of IT skills.

For real effectiveness, however, employers must also make individual efforts. The technology and expertise is now available to train people to a high level in a very short time, and more cheaply than before. For example, ICL has developed a programme called "flying start" to turn novices into competent computer programmers in just eight weeks.

All the evidence shows that companies that take training seriously hold on to staff longer and suffer less from the salary inflation that job hopping creates.

Roy Towndrow,
*ICL,*
*Beaumont,*
*Windsor, Berks.*

FINANCIAL TIMES
Friday September 29 1989



# PepsiCo signs Soviet barter deal

By Nancy Dunne in Washington

PEPSICO, the US soft drinks group, is entering an unusual barter deal with the Soviet Union under which it is helping to finance the building of 28 Soviet Pepsi plants and acting as an agent in the sale of new Soviet ships.

Mr Donald Kendall, chairman of the executive committee of PepsiCo and a pioneer in US-Soviet trade, said the factories would cost more than $200m and would bring the number of Pepsi plants in the the Soviet Union to 50.

The cost of the plants and bottling equipment would be covered partly by proceeds from the sale of the ships. Mr Kendall said PepsiCo would get a percentage of the sales equal to $254m.

"When these new plants are installed, we will be selling more Pepsi-Cola in the Soviet Union than we were selling in the US when I joined the company after the Second World War," he said at an award ceremony from the American Committee on US-Soviet Relations in Washington.

In the past PepsiCo has helped the Soviets to dispose of cruiser-frigates and submarines. Mr Kendall said: "The people who got them are happy as hell because they [the Soviets] make very good ships."

Mr Kendall was president of Pepsi-Cola's overseas operations when he agreed to set up a Pepsi kiosk at a US-Soviet exhibition. From that exhibit, the company was given the foreign consumer product franchise in the Soviet Union.

Mr Nikita Khrushchev, the former Soviet leader, came to the kiosk, he said, and sampled one Pepsi made with US water and one made with Soviet water.

He said he liked the Soviet product better and went on with then Vice President Nixon to another exhibit which became the scene of the famous "kitchen debate."

Mr Kendall said he was almost fired for agreeing to the first exhibit.

"Every step along the way we've had critics saying we couldn't go any further. . . how would we get our money out? It can be done if you have the guts to go do it and stick with it."

He said vodka and Pepsi sales had been the "best barometer of political relations between the US and the Soviet Union. "Every time something (bad) happens the sales go down. I can't wait for President Gorbachev to come back because after his last trip here our sales took off."

PepsiCo has had a formal trade agreement with the Soviet Union since 1972.

## Trade winds from Washington stir fears in the paddy fields

# Japanese farmers resist US pressure

By Robert Thomson in Sakata, Japan

IN some of the paddy fields of Sakata, rice harvesting machines cut a path through the mature autumn stalks, while in adjacent fields poles draped with bundles of hand-picked plants are monuments to a way of farming that remains unchanged by technology, but is vulnerable to the trade winds from Washington.

The farmers of Sakata, north of Tokyo, are aware that trade negotiations with the US have entered a new phase, under the title of the Structural Impediments Initiative (SII) talks, but their defensive armoury remains much the same: they emphasise the spirituality of rice and that the paddy field is virtually a sacred site.

There are other arguments. Mr Hiroshi Goto, 33, who has 3.7ha under cultivation, suggests that rice imported from the US would not necessarily be safe: "Because they would have to transport the rice a long way, they would need to fumigate and that would affect the safety."

Mr Goto does see a similarity between his plight and that of US workers who have been replaced by imports. But he firmly believes that Japan must be self-sufficient in rice and is convinced that Japanese farmers will face poverty if the market is liberalised.

He argues that the US Congress, with the Super 301 punishment provision at the ready, is "attempting to blame the farming sector for all the trade problems".

The basic trade problem is Japan's continuing $50bn-plus bilateral surplus which is at the centre of the SII talks, due to be completed by the middle of next year when a programme of structural changes to balance trade will be released. Japanese Government officials see the talks as a last chance before Super 301 is implemented, but fear that little will come of SII and that the rice farmers of Sakata and elsewhere will be a prime target for a frustrated Congress.

Mr Masamitsu Sato, president of the local farmers' federation, said that they had 2,000 years of history of producing and eating rice.

However, Mr Sato is no hick, and he criticised the "unfairness of the Uruguay round of Gatt negotiations," an unfairness he attributes partly to food exporting countries joining forces and partly to Japan having lost the war.

The war, he said, is to blame because "the Uruguay round was mainly initiated by the countries who won the war and those who joined later have been treated unfairly." Mr Sato argues that the trend of Gatt decisions favours "farm production export countries more so than the importing countries", a sentiment not shared by the grouping of producer countries.

Mr Sato and Mr Goto both believe that the ruling Liberal Democratic Party has let farmers down in recent years by easing trade restrictions, and Mr Goto, for the first time, voted against the party at an election in July.

The farmers are represented by a well-organised group of co-operatives, whose regional manager of policy and public relations is Mr Ryuya Suzuki. A blunt man, he concedes that, in hard economic terms, Japanese farmers and their hand harvesting are inefficient compared to US rice farmers, but "the cultural element" is more important. He has an interesting conspiracy theory that the US rice lobby has an influential voice in US politics because of its links to the more powerful cosmetics industry.

He was unable to pinpoint the link between the two lobby groups, but remains convinced that "the cosmetics industry is behind it."

While not a fan of the US Congress, Mr Suzuki is more partial to Mrs Margaret Thatcher, the British Prime Minister, who visited Japan last week.

"I don't think the US is wise to push the rice issue. I would agree with Mrs Thatcher. She advocates that Japan can contribute globally by using its surplus trade funds to solve environmental problems. That is where Japan could play a role. I think Mrs Thatcher was very perceptive."

*Hand harvesting is inefficient, compared with US methods, but the cultural element is important*

# Marcos dies exiled in Honolulu after long illness

By Greg Hutchinson

FERDINAND MARCOS, who was brought down by popular revolt in 1986 after more than two decades as the increasingly despotic and corrupt President of the Philippines, died in hospital in Honolulu, Hawaii, yesterday. He was 72.

He had been in hospital for most of this year, often comatose and supported by a battery of machines to try to combat lung, heart, liver and kidney ailments.

Yesterday morning he suffered an irreversible cardiac arrest. His son, Ferdinand Jr, and his wife, Imelda, were at his bedside.

Mr Marcos, a staunch anti-Communist, had the backing of successive US administrations throughout his rule.

President George Bush said he was saddened by the death of Mr Marcos, a man he once hailed as "a champion of democracy."

President Corazon Aquino of the Philippines refused to grant Mr Marcos's dying wish to be buried in his home province of Ilocos Norte.

She said the security risk of people using the burial as a pretext to cause trouble was too great.

There was irony in the forum used by Mrs Aquino to announce Mr Marcos's death – a birthday celebration for the Philippines' oldest surviving President, Mr Diosdado Macapagal.

Mr Macapagal lost out to Ferdinand Marcos in the 1965 elections which became the springboard for his 20-year rule.

She was speaking after a lengthy blackout in the Philippines capital, Manila, where the archaic electrical grid system, crippled in part by Mr Marcos's diversion of large amounts of infrastructural investment funds to his own family's personal use, had failed hours before the death of the former President.

An emotional Mrs Aquino pointedly praised Mr Macapagal for "not enriching himself in office and not interfering with the economy." He was, she said, "too good to be notorious. He showed humility at the height of power."

Mrs Aquino has been bitterly critical of Mr and Mrs Marcos for plundering the nation for personal gain.

She also held Mr Marcos responsible for the death of her husband, Benigno, an opposition leader who was shot dead as he stepped from a aircraft at Manila Airport on his return from exile in 1983.

In her comments, however, except from the question of the burial request, she appeared magnanimous, saying she recognised the pain being felt by the Marcos family: "For I and my children know the pain of such a loss."

Her comments followed a pattern which has previously infuriated her enemies. Her 3½ years in power, surviving against the odds and against most pundits' predictions, have been strewn with enemies forgiven: Senator Juan Ponce Enrile, the former Defence Minister, and Vice President Salvador Laurel, now the leader of the main Opposition, are the most notable.

Estimates of the amount of state funds stolen by Mr Marcos range up to $10bn, the whereabouts of most of it remaining a mystery.

Last night the US State Department said the Federal Aviation Administration had issued an order banning American aircraft from taking the body of Mr Marcos back to his homeland.

The US authorities indicted Mr Marcos in 1988 in a racketeering case that included initial charges that he had embezzled more than $100m from the Philippines Government and used the money to buy three buildings in Manhattan.

Mr Marcos had been too ill to attend court but his wife is on bail of $5m following an appearance in a New York court.

Obituary, Page 4

## THE LEX COLUMN

# Too few marks for the markets

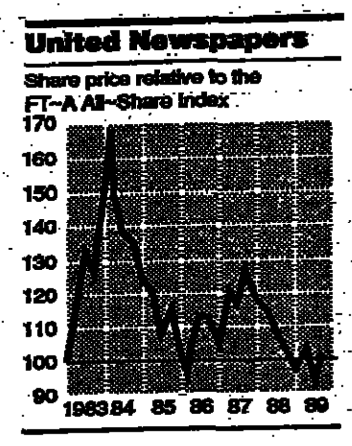
The equity market has taken its time waking up to the threat of a sterling crisis, but yesterday made up for it in style. In its 40-point plunge, the FT-SE swept through 2,300 with scarcely an upward glance. The trigger was sterling's fall to Dm 3.02, which the markets have fixed on as the danger signal for a base rate increase. But if equities now assume that 15 per cent is inevitable, they are ahead of the game; money market rates, up only slightly yesterday, are still below 14½ per cent.

For each part of the puzzle, the outlook is highly confused. The fight over sterling is greatly complicated by crossfire from the G7 over the dollar. The equity market faces a tricky technical situation today as the FT-SE futures and options expire on the last day of the quarter. For Mr Lawson, the immediate worry must be that the currency traders will assume his hands are tied in the conference season – Labour next week, Tory the week after – and push sterling down as a one-way bet.

But it looks a safe assumption that sterling cannot be allowed to move decisively below Dm 3.00. The Bank of England will doubtless intervene as heavily today as it did yesterday, while presumably still hampered by its G7 obligation not to sell D-marks directly.

But if base rates go up regardless – and that is not quite certain yet – it is unclear how equities will react. The market has grasped the immediate threat, but may not have thought out the possible consequences for the real economy. The optimist would argue that the market had similar setbacks last August and December on unforeseen base rate rises and survived. Indeed, a correction to 2,250 is no more than was foreseeable when the FT-SE went through 2,400. But whether the market will feel so philosophical if it gets there is another matter.

## United Newspapers




Remember how the UK newspaper industry was moving out of Fleet Street, breaking the unions, introducing new technology and entering a land flowing with milk and profits? It has not worked quite so smoothly as that, as yesterday's figures from United Newspapers attest. United has doubled its capital expenditure in each of the last five years, but has yet to see the benefit on the bottom line. This is partly because money saved has to be devoted to promotional expenditure in an attempt to sustain circulation on its national newspapers. At the same time, the intense competition among titles and the squeeze on consumer expenditure mean that advertising rates have declined and that volumes may follow.

Despite a slight recent upturn in circulation, the three national titles all look in weak strategic positions in their markets, with the Star battling against the Sun and the Mirror, the Express up against the Mail and Today and the Sunday Express facing attacks on virtually all fronts. The UK business and consumer magazines, like the nationals, are vulnerable to a downturn in advertising. And Extel is suffering from the low volumes in the financial markets.

There are brighter spots; regional newspapers are performing well, helped by the Northern geographical bias, and the US magazines provide some protection from the UK's economic problems. But earnings per share are likely to fall this year and the shares are overvalued on fundamental grounds on a p/e of 14. While Conrad Black keeps buying, however, fundamental valuations will not matter.

## Building Materials

Something stands out from the £104m of interim pre-tax profits from Redland: the further proof of the resilience of the building materials sector's four largest players, even in the face of possibly still higher UK interest rates.

In Redland's case, the optimistic case seems especially easy to make. In 1990, profits from British aggregates may not match the 40 per cent rise in 1988's first half, but will still be strong; and given its worldwide spread, the group takes in any case only 15 per cent of its profits from UK housing. But for the sector as a whole, half-year figures have been generally better-than-expected, with optimism about ready-mix concrete in the UK, and a more general buoyancy in the likes of West Germany.

The niggle is that the stock market may already have taken such arguments fully on board. The four heavies - Tarmac, Redland, RMC and Blue Circle - have stood up perhaps just a little too well; the real mauling has been for the likes of Marley. While the FTSE Index has lost 96 points this month, the share prices of all four have remained within a few pence either way of their August 31 value.

To reach a fool-proof case for buying building materials shares at this level, one must look a little harder, perhaps at the understated balance sheet values of some of the companies. Tarmac is already doing the job itself, with a revaluation of its mineral reserves. At end 1989, with net debt of about £360m, Redland's gearing could be about 45 per cent; but the ratio is almost void of meaning, given that the stated shareholders' funds reflect only a fraction of such assets as Redland's huge Mountsorrel quarry in Leicestershire.

## Brewing

There is a distinct feeling that the UK brewing industry is clearing the decks for action. Scottish & Newcastle's sale of its hotels presumably means it is in the market for more brewing capacity, possibly even Grand Metropolitan's. Boddington's sale of its breweries may set a model for other regional brewers in getting out of an industry which faces a competitive future. It also raises the intriguing question of why Whitbread, previously disposed to present itself as a retailer, is going further into brewing. Perhaps it is following Grand-Met's example in the betting industry and filling out its portfolio before selling it on.

All this presupposes that the industry is not counting on the continuation of the tie. The EC investigation continues, and Brussels would be harder to quash than Lord Young. But in any case, the industry has been obliged by the Monopolies Commission to take an unwontedly hard look at itself. It no longer needs officialdom to move it along.

# Bush retains initiative on budget policy

Continued from Page 1

about being seen to be backing higher taxes, even for the very wealthy, with elections only 13 months away. This was in spite of an appeal by Mr Richard Gephardt, the Democratic House Majority leader, that "you'll be voting to give $25,000 a year on average to the wealthiest families in America. Don't give in to a threat that there will be a TV ad saying you voted to raise taxes."

The plan of the Democratic leadership which was defeated yesterday would have extended the tax relief on individual retirements accounts and allowed early withdrawals for financing college education and first-time purchase of a home. In addition, it would have removed the current "bubble" whereby once the average tax rate of those paying the top marginal rate of 33 per cent rises to 28 per cent, the marginal rate drops to 28 per cent. This ensures that nobody pays an average rate of more than 28 per cent. The change would have raised about $37.9bn over five years.

# IMF says lending policy allows economic reforms to proceed

By Stephen Fidler in Washington

Mr MICHEL Camdessus, the managing director of the International Monetary Fund, yesterday vigorously defended the need for his institution to lend to debtor countries while they were in arrears to commercial banks.

The defence of the policy, adopted earlier this year by the Fund, came as the IMF and World Bank annual meetings came to a close, and one day after IMF management agreed a $1.4bn standby credit for Argentina, in arrears by well over $3bn to creditor banks.

Before this shift, the Fund would not lend while countries were in arrears to banks, and would only disburse its funds when bank debt packages were assured of completion.

Mr Camdessus said the new strategy, which has been strongly criticised by commercial banks, was needed to reduce the risk that strong economic reform programmes might collapse in the long period before complex negotiations over arrears could be settled. The Fund's actions would thus increase the chance that the arrears to the banks would be settled.

Both Mr Camdessus and Mr Barber Conable, president of the World Bank, praised the economic reform programmes introduced by new governments in both Argentina and Poland.

Mr Conable said that he was ready to consider making so-called structural adjustment loans to Argentina again.

Mr Camdessus said he saw no threat to bank financing currently being arranged for Mexico. Fears have been expressed that banks' general unwillingness to take the option of making new loans – essential to the working of the deal – would cripple the arrangement.

He said the lesson he drew from the protracted negotiations over the Mexico accord was that "you have to watch the actions of bankers, more than listen to their words. I'm reasonably certain that they'll support the programme because it's in their own interest."

In his closing remarks, Mr Camdessus returned to what he called the "silent revolution" in economic ideas. The adoption of sound fiscal and monetary policies, the giving of greater scope to market forces, and reducing the role of governments.

"Why are more countries adopting this approach? Because it has worked. And because the alternatives have not worked."

In other developments, Mr Conable said the World Bank had made no decision on a resumption of lending to China, suspended after the massacres in Peking.

A forthcoming conference in China on a new three-year economic plan would give some indication of whether the government intended to continue in a liberalisation of the economy.

IMF background, Page 3; Loans to China, Page 4

# Poland launches zloty devaluation

Continued from Page 1

Mr Jozef Slisz the Solidarity Farmers leader told the OKP meeting that further increases of this kind could mean that "in a few days time a thousand farmers will come here to the parliament building and turn us all out."

Mr Balcerowicz and his economic team face some hard talks with Mr Tadeusz Mazowiecki, the Prime Minister, to convince him to back speedy action on the tough policies they see as necessary.

The fuel price rises have already led to argument within the Government on who gave the go ahead for the decision and have lost Mr Mazowiecki some popularity.

Elsewhere, prescription charges were raised a few days ago – but the rise was rescinded within hours at the insistence of Mr Mazowiecki – underlining the Government's sensitivity to public response to its actions.

Mr Dabrowski said, however, that prices of medicines would have to be raised as people were paying only about 12 per cent of their real cost.

Mr Karol Modzelewski, the Solidarity senator, meanwhile warned the Government that its conversion to liberal economics had made policymakers forget that a certain measure of interventionism by the state was essential – as were some price controls.

Mr Modzelewski went on to predict that the political differences now emerging within the group of Solidarity parliamentary deputies made almost inevitable a future split into separate left and right wing parties.

## WORLD WEATHER

FINANCIAL TIMES

# COMPANIES & MARKETS

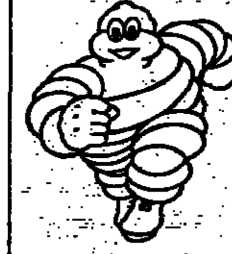
Friday September 29 1989





## INSIDE

### Michelin throws down the gauntlet



On the surface, Michelin's $1.5bn takeover of Uniroyal Goodrich of the US, to be completed by early next year, marks the final stage of a world tyre industry rationalisation which has left more than 80 per cent of total sales in the hands of just six producers. Yet the acquisition, which has made Michelin the world's largest tyre maker, is unlikely to allow the $45bn-a-year industry to settle more comfortably into a new world order. Page 22

### Looking to a brighter future

The short history of Lowndes Queensway, formed after a leveraged takeover in August last year of Harris Queensway, has not been happy. Mr Eddie Dayan, chief executive of the furniture and carpet retailer, admits the business was in worse shape than expected. And when high interest rates cut house sales, Lowndes Queensway was driven into a refinancing, involving a rights issue. But Mr Dayan has remained optimistic throughout. Page 27

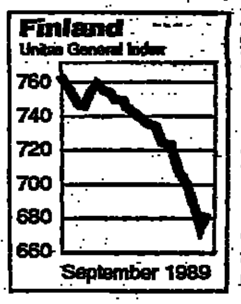
### Geest shrugs off setback

Geest, the fresh produce and prepared foods group which is best known for its banana import business, shrugged off a poor performance by its food preparation side to report pre-tax profits of £11.3m ($18.08m) in the six months to July 1, from £9.15m in last year's period. The company, under chairman Charles Bystram (left), has now ceased production of low-margin uncoated and conventionally coated fish fillets, and on recipe dishes. Page 28

### Waging war on bacteria

It takes nerve to introduce a new paté on to the supermarket shelves these days. But with listeria-in-paté scares well in mind, Marks and Spencer is in the middle of trials for a new variety — chicken liver and bacon. The retailer has honed the production of prepared dishes to minimise risk, employing 120 qualified food technologists to work with suppliers to develop a product, before scaling it up to mass-production levels. Page 31

### Finnish shares in a spin




After years of sustained growth, the deterioration in the Finnish economy has slowed trading at the Helsinki stock exchange, sending share prices into a September nose-dive. The market's predicament has not been eased by embarrassing revelations in the politico-economic arena. Page 46

### Market Statistics



### Companies in this section



### Chief price changes yesterday

**FRANKFURT (DM)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| DLW | 645 | + | 8 |
| Heidelberger | 1160 | + | 48 |
| Karstadt | 694.9 | + | 12.9 |
| Porsche | 847 | + | 7 |
| **Falls** | | | |
| Hapag Lloyd | 335 | − | 10 |
| Mercedes | 625 | − | 11½ |

**NEW YORK ($)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| AMR | 83¾ | + | 4⅝ |
| AVX | 29⅝ | + | 8¼ |
| Cadbury Schwps | 63⅝ | + | 1¼ |
| Coca-Cola | 67½ | + | 2⅞ |
| **Falls** | | | |
| Digital Eq. | 91⅞ | − | 1¾ |
| IBM | 108⅞ | − | 2¾ |

**PARIS (FFr)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Eurafrance | 2750 | + | 192.5 |
| Euromarche | 4100 | + | 283.3 |
| Havas | 1276 | + | 64 |
| Skalor | 1300 | + | 85.3 |
| **Falls** | | | |
| Lafarge | 1729 | − | 81.9 |
| Raffinage | 172.2 | − | 8.4 |

**TOKYO (Yen)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Central Fin. | 1200 | + | 130 |
| Marui Dept. | 1900 | + | 190 |
| Mitsubishi Stl. | 2220 | + | 300 |
| Tohoku Flour | 1280 | + | 180 |
| Yaraku RLEst. | 1430 | + | 150 |
| **Falls** | | | |
| Ashimori Ind. | 1060 | − | 70 |

**LONDON (Pence)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| CadburySchwps | 389 | + | 4 |
| Comm. Union | 451 | + | 6 |
| Elect.Machine | 150 | + | 9 |
| Gen. Accident | 1105 | + | 9 |
| Whitbread A | 374 | + | 3½ |
| **Falls** | | | |
| Brit. Aero | 631 | − | 7 |
| BP | 298 | − | 7 |
| Davy Corp. | 243 | − | 12 |
| Dixons Grp. | 140 | − | 3 |
| Glaxo | 1474 | − | 20 |
| Hawker Sidd. | 703 | − | 23 |
| ICI | 1218 | − | 13 |
| LASMO | 506 | − | 13 |
| Memec | 170 | − | 13 |
| RHM | 448 | − | 13 |
| Utd. News | 494 | − | 10 |
| Vickers | 241 | − | 5 |
| Wellcome | 645 | − | 28 |

# Kyocera gains European base after AVX deal

**By Roderick Oram in New York**

KYOCERA, the leading Japanese industrial ceramics and electronics group, is acquiring its first European manufacturing base through the acquisition of AVX, a US-based maker of electronic components.

Mr Kazuo Inamori, Kyocera's founder and chairman, said in New York yesterday that the purchase of AVX, for about $420m, would allow the Japanese group "to convert from Japanese exports to local supply."

He added that with Japanese consumer electronics companies bolstering output in Europe ahead of 1992, it was important for Kyocera to be close to supply components.

About 25 per cent of AVX's 8,000 employees work in Europe, of whom 1,100 are in Coleraine and Larne, Northern Ireland, 500 in Paignton, England, and a further 400 in West Germany and France. It also has overseas plants in Hong Kong, Singapore, El Salvador and Mexico.

Mr Marshall Butler, AVX chairman, said that adding Kyocera products to its own manufacturing range would bring "tremendous growth for AVX."

"I think this is highly significant for Europe and the way people will handle 1992."

Mr Butler, who has known Mr Inamori for about 30 years and co-operated with Kyocera in the past, first approached the Japanese company about a joint venture in Europe. Mr Inamori suggested closer collaboration through a takeover. Mr Butler will join the Kyocera board.

Under the definitive merger agreement announced yesterday, each AVX common share will be exchanged for 0.39 of a Kyocera American depository share listed on the New York Stock Exchange. Each ADS represents two Kyocera common shares.

At yesterday's mid-session prices the offer is worth $31.45 per AVX share, prompting a $7⅝ jump in its price to $29⅛. The deal is subject to shareholder approval.

Both companies believe this is the first time a Japanese company has paid for a US company in stock rather than cash, making it a tax-free transaction for AVX shareholders.

Mr Inamori said: "We want an equal partnership with AVX and a stock swap was a more appropriate way to develop this new kind of relationship." AVX will retain its name and management.

AVX is the largest US maker of multilayer ceramic capacitors, used primarily to slow and store electricity in integrated circuits.

# Fiat advances 27.5% to first-half record

**By John Wyles in Rome**

THE STRENGTH of European car markets has again propelled Italy's Fiat group to record first-half profits, with a 27.5 per cent rise in consolidated pre-tax earnings to L2,807bn ($2bn).

Group sales were 19.5 per cent higher in the half compared with last year's period, reaching L27,107bn. The company's report, approved for the first time by a board meeting held in New York, confirmed the group was on target for total revenues this year of about L52,000bn.

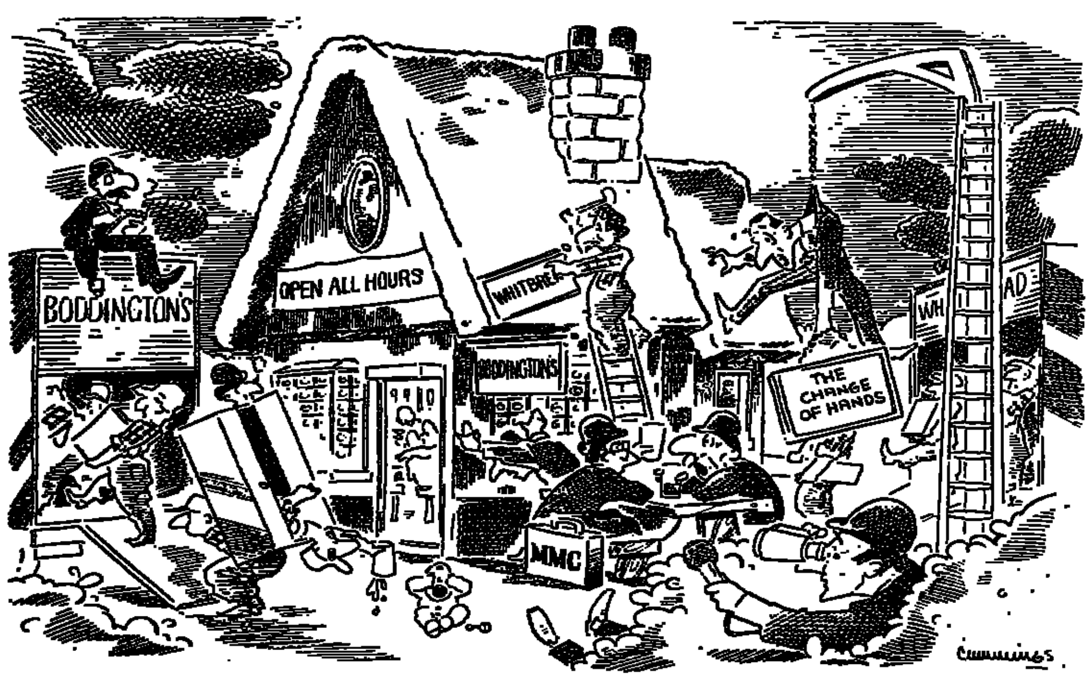
Fiat pointed out that the results reflected for the first time the full consolidation of Fidis, its financial services subsidiary, together with the 51 per cent of Cogefar, the civil construction company acquired earlier this year, and the sale of Fila, a Snia BpD subsidiary.

On a strictly comparable basis, six-month sales were 14.5 per cent higher than a year ago.

The L605bn rise in pre-tax profits yielded an earnings to sales ratio of 10.4 per cent, compared with 9.7 per cent in the first half of 1988 and 8.3 per cent in 1987. Investments rose by L195bn to L1,367bn and should reach L4,000bn in the full year. Research and development costs were L100bn higher at L820bn.

Fiat's financial position strengthened further with a cash surplus totalling L2,556bn. This was L200bn higher than at the end of last December. The company attributed the increase to the high rate of self-financing generated by income from its industrial activities. Net capital at the end of June was L14,951bn, more than L1,400bn higher than at the end of December.

Passenger car revenues rose 13.9 per cent to L15,358bn, a smaller proportion of total sales than for many years because of the Cogefar acquisition.




# Britain's brewers opt for a narrower path

**Lisa Wood** on changes that will transform the brewing and public house retailing sector over the next decade

Stark, but very different, choices are starting to be made by Britain's brewers in a year when external scrutiny by the Monopolies and Mergers Commission has forced the industry into a rare period of introspection.

This self-investigation, combined with the opportunities that will be thrown up in the marketplace by the MMC's proposals, due to be implemented by the Government over the next few months, are forcing a change that over the next decade will transform the face of the British brewing and public house retailing sector.

First signs of how fundamental this sea-change will be came yesterday. Boddington, a brewer of real ale in Britain for 136 years, announced that it is selling the business and portfolio of brands, including Boddington's, to Whitbread, Britain's third largest brewer.

The price is £50.7m and Boddington is making the sale in order to concentrate on developing its other interests, including its chain of public houses, hotels and nursing homes.

A second announcement yesterday, by Scottish & Newcastle Breweries, one of Britain's six big brewers, came as less of a surprise to the City, but again pointed to a stronger focus in the brewing and leisure industry. In sharp contrast to Boddington's strategic move, S & N is selling its Thistle Hotel chain, which has been on the market for some months, to Mount Charlotte, the hotel group, in a deal worth £645m.

Mr Alick Rankin, S & N's chairman, said shareholders would benefit from the switch into higher yielding strategic investments in the brewing or leisure industry.

"We are obviously a very major candidate for a strong expansion in brewing," said Mr Rankin, offering a strong hint that his company was in the market for brewing operations.

Both Boddington and S & N insist that the MMC report has not forced these sales. But, neither of them dispute the fact that the exhaustive MMC investigation, which demanded a host of answers from Britain's brewers on their profit streams, pressured them to re-examine their operating divisions.

More pertinent to today's market conditions, Boddington, Whitbread and S & N all believe that these deals leave them better equipped to exploit those opportunities that will develop in the post-MMC marketplace, even though each seems to have a different assessment of where the greatest opportunities lie .

The MMC proposals, as finally adopted in August by Lord Young, then Trade and Industry Secretary, backed away from radical proposals put forward by the MMC itself which would have put a 2,000 ceiling on the number of pubs any brewer could own.

Faced by widespread opposition by brewers, large and small, Lord Young backed down on this proposal, and several others. Big brewers, which claim that the MMC failed to recognise that profits were at the retail end, not in brewing, had threatened to sell their breweries and keep their pubs and so exempt themselves from the proposals.

This was because the MMC proposals only applied to brewers, not retailers.

Lord Young offered a compromise package - the draft orders for which are at present laid before Parliament.

The plans include ordering brewers owning more than 2,000 pubs to release the tie on half the outlets in excess of that number, that is to allow the publican-tenants to buy beer from any brewer.

The aim is to stimulate competition in those outlets released from the tie, with publicans free to take other brewers' beers.

In addition brewers owning more than 2,000 pubs must allow their tied outlets to sell one draught-conditioned beer, supplied by someone else. This proposal was intended to help smaller regional brewers which have been suffering because their brands tend to be ales, rather than the lagers which now command more than half of the beer market and whose growth seems to be continuing inexorably.

Boddington would appear at first sight to be ideally placed to be a beneficiary of this so-called "guest" beer provision. However, Mr Denis Cassidy, who took over as head of Boddington when the last "family" chairman retired in 1988, said yesterday that his company did not have the network, or the muscle, to exploit the Boddington's brand .

A strategic review, started last year, identified the long-term decline in ale demand and the problems of Boddington's under-utilised brewing capacity. "It is not feasible," said Mr Cassidy, "to buy market share and so we decided to withdraw from brewing."

It is a decision which most of Britain's smaller regional brewers are all facing, for the post-MMC trading environment will be strongly competitive and companies may have to accept narrower margins and increased advertising costs if they want to get their real ale brands into pubs they do not own.

Whitbread's acquisition of Boddington's brewing interests points to one solution, which is that some smaller brewers will concentrate on their retailing and sell off their brewing assets - in this case to one of the big six brewers.

Whitbread, with 6,500 pubs and national distribution for its brands, is well placed to exploit the Boddington brand in a marketplace where real ale brands will now have an opportunity to penetrate the thousands of new outlets opened up to them by both the "guest" beer provision and the freeing of the tie.

Mr Peter Jarvis, Whitbread's managing director, said yesterday: "The Boddington's brand makes us better able to sell in the free trade which will be a growing part of the market. Boddington is a very good brand."

S & N, like Whitbread, intends to increase its market share of the beer market. The decision to abandon the hotel market - at a time when other brewers like Bass are increasing their *hotel portfolio* - was driven partly by S & N's desire to defend itself from the threat of a takeover by realising Thistle's asset values.

But, in selling the hotels, S & N - which was the takeover target last year of Elders IXL, the Australian brewer of Foster's lager - is signalling its intention to focus more tightly on brewing and other leisure activities, such as Center Parcs, which it gained control of this year.

Mr Rankin of S & N, the brewing business which has around 10 per cent of the British industry's capacity, said he wanted to make "quantum leaps" in the British brewing industry. "And that probably means deals."

These words, the action's yesterday by Boddington and S & N and expectations that Grand Metropolitan's brewing operations may also shortly be up for sale, underscore just how far reaching the changes in the British brewing industry are likely to be.

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# Merck and Du Pont in drugs pact

**By James Buchan in New York**

MERCK, the world's largest pharmaceuticals company, and Du Pont, the big chemicals group, yesterday announced a far-reaching agreement to work together on a new class of drugs to treat high blood pressure and heart trouble.

Under the deal Merck will assume the lead in developing and marketing a set of new compounds which Du Pont has discovered. The compounds appear to be effective in early trials against hypertension.

In return, Merck is giving Du Pont rights to what could be hundreds of millions of dollars in profits from its own drugs, a move unprecedented in the drug industry's recent history.

Yesterday's announcement took the US drug industry and Wall Street by surprise. Analysts said they had not known Du Pont, which derived little more than 1 per cent of its $33bn in sales from its prescription drug business last year, had such a marketable pharmaceuticals technology.

Mr Samuel Isaly, a pharmaceuticals analyst at Mehta & Isaly in New York, said: "It's a great surprise to me that Du Pont has got something that the best company in the world thinks is valuable."

The industry was also surprised that Merck would pay so much for access to the heart-drug research.

In return for the agreement, Merck is giving Du Pont exclusive rights in North America to sell its important drug for treating Parkinson's disease and joint rights over a hypertension drug. Combined annual sales are more than $100m.

Mr John Doorley, of Merck, said: "We don't know of any other company that has given up major established drugs like this."

The new research compounds, called AII receptor antagonists, appear to work by blocking the first step in the action of a hormone - angiotensin II - which is a factor in most cases of high blood pressure.

Merck, which is already the world leader in hypertension drugs, plans to spend about $750m this year on research and development and has a large marketing force selling its drugs to doctors and hospitals.

Mr Roger Morris, a spokesman for Du Pont, said: "With their help we should get these drugs to market a couple of years faster and then enjoy a bigger market at the end."

But the price is high. Merck is giving Du Pont exclusive North American rights from next year to Sinemet, the Parkinson's disease drug, and marketing rights to Vaseretic, a hypertension drug.

# Static profits at Utd Newspapers

**By Raymond Snoddy in London**

LORD STEVENS' United Newspapers, publishers of the Daily and Sunday Express and the Daily Star, yesterday unveiled only a marginal improvement in profits for the half year to June 30.

The performance, which disappointed some City analysts, came amid increasing speculation about the motives of Mr Conrad Black, chairman of the Daily Telegraph, who has amassed an 8 per cent stake in United, which also publishes magazines and regional newspapers.

United said a 9 per cent increase in trading profits was primarily a reflection of strong advertising revenues.

Pre-tax profits for the first six months of the year rose to £54.5m ($87m), compared with last year's interim figure of £53.6m. Interest charges at midway were sharply higher at £6.7m (£2.7m).

"Dull, dull, dull," was the comment yesterday of Mr Derek Terrington, publishing analyst at stockbrokers Philips and Drew. He had been expecting pre-tax profits of around £56m.

Express Newspapers had completed its move to its new headquarters and was ahead of schedule in moving all its national titles to new colour offset presses, the company reported.

Circulations of Express Group newspapers remained below last year's level the company said yesterday, adding that latterly "the two dailies have shown consistent month-on-month improvements for June, July and August and the trend is expected to continue in September."

Although many analysts believe United is at a vulnerable point in its history – debts arising from new technology and redundancies total £300m and will not be cleared off until 1993, even if no further investments are made – senior executives are more phlegmatic.

The share price, down from 504p to 494p yesterday, probably already carries a 20 per cent premium because of bid hopes.

Lord Stevens yesterday repeated and emphasised his January conversations with Mr Black.

Then Mr Black suggested that United was one of the most undervalued media empires and asked if Lord Stevens had any objections to him buying shares. Lord Stevens' answer was no.

The United chairman made it clear yesterday that as far as he was concerned nothing had altered that situation.

United earnings per share for the six months were 18.9p, compared with 18.6p last year, and an interim dividend of 7.5p has been declared.

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# Fiat launches formal bid for Enasa

By Tom Burns in Madrid

SENIOR EXECUTIVES OF Italian auto manufacturer Fiat and of its truck subsidiary Iveco yesterday made a formal bid in Madrid for the acquisition of Enasa, the Spanish state-owned bus and lorry producer, Spanish officials said.

Fiat is a late entrant in a competitive field seeking to buy Enasa, a company that recently returned to profitability after a considerable injection of public money and which markets its products under the trademark of Pegaso.

The Italian auto giant joins Volvo of Sweden, the Dutch company DAF and West Germany's MAN, which all signalled their interest in Enasa before the summer when INI, the state-holding company, made it known it was willing to privatise the company.

Mr Claudio Aranzadi, the Industry Minister yesterday confirmed that all four companies were now in the running for the acquisition. Mr Aranzadi, who met with Volvo officials on Tuesday, said that conversations with the different bidders were "proceeding rapidly" and that a decision on Enasa's sale could be expected shortly.

He did not disclose details of the bids but he did indicate that the Spanish Government would favour a company which, in addition to purchasing Enasa and securing its future, was willing to explore "the possibilities of further co-operation with INI."

Enasa, which was once linked to International Harvester and is now wholly owned by INI, was created with a majority state capital in 1946 and is the sole remaining auto sector company on the public holding's books.

INI sold its car producer Seat to Volkswagen in 1983 and tried hard, and fruitlessly, that year to interest other groups, specifically General Motors and Toyota, in the acquisition of Enasa.

Over the past six years Enasa has turned itself into a far more attractive option following drastic cost-cutting, an aggressive export policy and major technological improvements.

After sustaining consistent losses since the mid 1970s, it reduced its operating deficit last year to Pta5.5bn ($46m) from a Pta12bn shortfall in 1987, and it expects to post a profit this year of Pta1bn.

The Spanish Government believes that Enasa, which reported first-half revenues this month of Pta65bn, compared Pta116bn for the whole of 1988, can only be assured of long term viability as a subsidiary of a large multinational group.

# Arbed set to end 10-year dividend famine

By Lucy Kellaway in Brussels

ARBED, the Luxembourg steel producer, yesterday announced a six-fold increase in net profits for the first half of 1989, and said that by the end of the year it would be ready to pay its first dividend for 10 years.

As a result of exceptionally strong steel demand and gains in productivity, profits from the parent company increased from LFr635m to LFr3.5bn ($88.6m). The company forecast that the figure for the year would be more than LFr6bn, compared with LFr2.3bn for 1988.

Mr Pierre Everard, the commercial director, yesterday gave a fairly cautious account of the prospects for the steel market, noting that demand was flattening and that product prices for the year might not sustain the levels of the first half. Despite the fact that what had been a sellers market was about to become a buyers market, 1990 would nevertheless be "another good year."

Earlier this week the European Commission estimated that demand for steel in Europe during the third quarter was at its highest for a decade, and that some further, although lesser, growth could be expected for the rest of the year.

Net profits from the Arbed group as a whole were expected to be at least LFr2bn more than last year's LFr6.3bn. The increase for the group as a whole was less pronounced than for the parent company largely because of additional tax to be payed by the Belgian subsidiary, the company said. Interim consolidated profits, which were not dislosed last year, were estimated at LFr5.1bn.

The figures were better than the market had been expecting, and the shares, which have risen continuously from about LFr1,000 at the beginning of 1988, yesterday rose another 130 to LFr7,130.

# Gold Fields head office staff fired by Hanson

By Kenneth Gooding, Mining Correspondent

THE ENTIRE head office staff of Consolidated Gold Fields, the diversified UK mining group, has been made redundant by the Hanson group, which won control in August after a £2.5bn bid ($4bn).

The move has broken up and dispersed one of the mining world's most authoritative technical and research teams, particularly experienced in the gold business.

However, Mr Martin Taylor, vice-chairman of Hanson, the industrial conglomerate, said yesterday this did not imply his group was not interested in the gold operations it had acquired or that it would quickly sell them.

He suggested there was considerable expertise in the operating companies within the Gold Fields group.

Gold Fields itself started a voluntary redundancy programme among headquarters staff during the first, unsuccessful, bid by Minorco, the South African-controlled investment group. This reduced the number of employees by about 20 to 86.

Mr Taylor said the remainder had been given notice after the successful Hanson offer because "we had two management staffs and we only need one." The only senior Gold Fields' manager offered a role by Hanson appears to be Mr Rudolph Agnew, chairman, who is expected shortly to join the Hanson board as a non-executive director.

# First-half profits at UCB show 57% improvement

By Tim Dickson in Brussels

UCB GROUP, the major Belgian chemicals company, has increased first-half profits in 1989 by 57 per cent to BFr1.06bn ($26.8m) on sales 17 per cent higher at BFr20.76bn.

The good figures were attributed to "the excellent performances achieved by the pharmaceutical sector and the chemical sector," though as forecast earlier in the year, the results of the film sector were "less good."

UCB's share price has been a strong feature of the Brussels Bourse in the last few days, closing last night at BFr15,850 or 15 per cent above the level of a week ago. Asked to comment on suggestions that a predator was stalking the company, Mr Georges Jacobs, executive committee chairman, rejected all "rumours concerning the capital of UCB."

The company's statement pointed out that the first-half figures exclude Pabeltec – in which UCB recently bought a 97 per cent stake from Société Générale de Belgique and Feldmühle of West Germany – as well as the costs of restructuring UCB's Ghent films site.

On the pharmaceutical side the anti-allergy drug Zyrtec "has had an increasing success right across Europe." Elsewhere, UCB says it has taken "a predominant role" in the management of Radcure Specialties, following the sale by RTZ of its shareholding in this joint venture to Rhône-Poulenc.

# Braniff again seeks court protection

By Roderick Oram in New York

BRANIFF, the US airline, sought the protection of the bankruptcy courts yesterday for the second time in seven years, hurt once again by financial problems from expanding too quickly.

During its reorganisation under Chapter 11 of the bankruptcy code, it hopes to continue to use 12 of its aircraft to serve 11 cities including New York and Los Angeles from its hubs in Kansas City and Orlando, Florida.

It also said it hopes to continue to take delivery of Airbus A-320 airliners from Guinness Peat Aviation because it needs to lower its operating costs by using more modern aircraft.

Analysts said the airline was suffering from a cash shortage because of the costs of training crews for the Airbus aircraft it has begun to bring into service. It had also increased its cost base by adding more flights and cities to its routes when traffic was showing a seasonal slowdown.

Mr William McGee, president, said Braniff's efforts to build up its operations had been impeded by its competitive disadvantage compared with major carriers.

Braniff had come close to solving the cash crisis through a $25m sale and lease back of aircraft with GPA and $25m of bridge financing through Drexel Burnham Lambert. But the deals were contingent on each other and Drexel had failed to come through with the money, a corporate finance expert said.

For the half-year to end-July, Braniff reported a deficit of $42.8m against a loss of $3.6m a year earlier.

Braniff had filed for bankruptcy in 1982, the first victim of airline deregulation in the US. It was bought by Mr Jay Pritzker, the Chicago investor, who brought it back into service in 1984.

Its ownership changed again last year when it was bought for $106m by group of investors organised by Paine Webber, the Wall Street firm, and led by Mr Jeffrey Chodorow, a Philadelphia investor.

# Earnings gain forecast by Adia Inspectorate group

By William Dullforce in Geneva

ADIA, the Swiss temporary employment agency, and Inspectorate International, the Swiss inspection services company, yesterday announced a schedule for their exchange of shares and forecast 1989 consolidated net earnings of SFr240m-SFr255m ($147m-$156m) on a SFr5.6bn-SFr5.8bn turnover for the merged group.

The projected net earnings work out at SFr133-SFr141 per share on the reconstituted share capital. For 1988 Adia posted a net profit of SFr28m while Inspectorate reported a net of SFr109m.

Both companies announced pre-merger dividends. Adia proposes to pay its shareholders SFr110 per bearer share, SFr55 per registered share and SFr11 per participation certificate for the fiscal year ending June 30. This is equivalent to a 22 per cent increase over 1987.

Inspectorate proposes to pay an extraordinary distribution of SFr14 per share and SFr2.80 per participation certificate for the period up to July 1, in order to take account of the shift in the fiscal year that will result from the merger.

Adia SA, holding company for the new group, will operate like the existing Adia holding company to a fiscal year ending June, although consolidated accounts will be published for the calendar year.

Shareholders' meetings on November 28 for Inspectorate and November 29 for Adia are expected to approve the merger. Adia will then split its bearer shares, par value SFr200, into two new bearer shares each with SFr100 nominal value.

All Adia's registered shares, par value SFr100, will be converted into bearer shares of the same par value. Adia will next double its share capital by a one-for-one subscription right to existing shareholders at par – SFr100 per share, SFr20 per participation certificate.

In a second capital increase Adia will create, without subscription rights for its existing shareholders, the new stock to be exchanged for Inspectorate shares and participation certificates.

Finally, holders of Adia and Inspectorate shares, as well as holders of Inspectorate participation certificates, will physically exchange their shares and certificates for new stock in Adia SA.

Closing prices on the Geneva stock exchange on Wednesday were SFr8960 for the Adia bearer shares and SFr2,230 for the Inspectorate bearer.

Total share and participation certificate capital after the merger will amount to SFr225.9m but Adia will have departed from usual Swiss practice by issuing one class of bearer share with equal voting rights.

Thus, the merged group is abandoning the usual Swiss corporate defence against takeover. Omni Holding, the parent company for the busines interest of Mr Werner Rey, will have a 25 per cent stake while Board members and management will hold 11 per cent.

After the sale of Inspectorate's majority stake in Harpener, the West German property company, Adia SA, one of the world's largest services groups, will start life with at least SFr1bn in liquid holdings. It plans to use part of this to expand in its core businesses of temporary employment, inspection and security services.

# Swiss Re raises payouts after advance of 23.4%

By William Dullforce

SWISS REINSURANCE, the world's second largest reinsurance group, yesterday posted a 23.4 per cent climb to SFr248m ($152m) in net consolidated earnings in 1988. It also announced a dividend rise, a 125th anniversary bonus for shareholders, and proposed a share split and capital increase.

The board recommended payment of an ordinary dividend of SFr135 per share and SFr27 per non-voting share plus anniversary bonuses of SFr35 per share and SFr7 per non-voting share. These compare with 1987 dividends of SFr100 per share and SFr25 per non-voting share.

Gross premiums for the Swiss Re group increased by 18.1 per cent to SFr12.3bn in 1988. Incorporation of Lloyd Adriatico, Trieste, accounted for 7 per cent of the increase. Financial income at SFr1.36bn was SFr224m higher.

In an initial capital increase of SFr61.6m, the board proposes to raise the nominal value of the registered and bearer shares from SFr250 to SFr300 and then effect a one-to-three split, creating new shares with a par value of SFr100. Proportionate changes would be made to the non-voting stock with a current nominal value of SFr50.

Holders of two registered or bearer shares would be entitled to buy one new share at a provisional price of SFr1,300. The definite price will be announced at the shareholders' meeting on November 24.

Creation of 154,000 new registered share with a nominal value of SFr100 will offer shareholders option rights.

# Tractebel registers sharp growth

By Tim Dickson in Brussels

TRACTEBEL, Belgium's leading energy, telecommunications and media concern which is now almost 40 per cent owned by Société Générale de Belgique, yesterday announced that profits after provision for taxes and before transfers to reserves had jumped from BFr4.59bn ($115m) to BFr7.01bn in the first six months of 1989.

The result, after transfers of the proceeds of property disposals, works out at BFr5.87bn against BFr4.34bn.

More than half this growth is attributable to dividends received for the first time on Petrofina shares and the shares of electricity utilities injected into Tractebel as part of the March 1988 capital increase.

## INTERNATIONAL COMPANIES AND FINANCE

# SAS-Swissair partnership takes off

By Robert Taylor in Stockholm

SCANDINAVIAN Airlines System (SAS) and Swissair yesterday confirmed that they have agreed to forge a partnership in preparation for the more liberal, deregulated European airline industry of the 1990s.

Neither side at a joint press conferences held in Stockholm and Zurich would give precise details on the financial structure of the new venture, which they claimed was the first of its kind in Europe.

But they said they hoped to have completed a mutual financial engagement during 1990 corresponding to a cross share-ownership in the two concerns of between 5 per cent and 10 per cent.

Mr Jan Carlzon, SAS president and chief executive, said yesterday that what the two companies are calling "the European quality alliance" would "give the Scandinavian market fast, maximum one-stop connections to areas which have so far not been covered by SAS's global traffic system in Africa, the Middle East and the Indian sub-continent."

For Swissair it means more effective transport alternatives to SAS daily destinations like Tokyo, Peking and Los Angeles. The plan is for the pair to utilise each others' continental networks and develop the feeder system between Scandinavia and Switzerland.

The two companies intend to co-ordinate many of their activities — data telecommunications, hotels, catering, fleet planning, sales and marketing as well as aircraft maintenance and staff training — to make both more cost effective through economies of scale.

A joint executive committee and a project organisation are to be established with responsibility for implementing and developing the traffic system.

However, the final shape of the alliance and its hierarchy has yet to be worked out.

Yesterday, Mr Carlzon admitted that it had been difficult to find the partner in Europe that SAS has been looking for since it launched its current global strategy five years ago, but he believed that the deal with Swissair would ensure that SAS would indeed be "one of the five" transnational European airline survivors left in 1995 after the current liberalisation in the airline industry.

He made it clear that the alliance with Swissair was an exclusive one and that the partners had committed themselves not to enter into similar deals with other European flag carriers. But Mr Carlzon added that the two companies will go on with their already established partnerships as well as proceeding with any other current talks they were having on co-operative ventures with others.

In a joint statement, the two said they would seek "new joint ventures with non-flag carriers in Europe corresponding to SAS's alliance with Airlines of Britain Holdings."

Swissair is hoping to establish a 10 per cent stake in Austrian Airlines opening up the east European market.

Mr Carlzon added that Swissair fitted well with SAS because both airlines were in the high quality, high cost business end of the market.

Mr Otto Loepfe, the Swissair president, said that he thought SAS was an ideal partner for his company and that the route networks of both airline companies complemented one another.

The SAS chief executive also took the opportunity yesterday to announce that SAS was entering into a co-operative deal with Icarosan, a Chilean private company that has just acquired a 51 per cent stake in Lan Chile, Chile's national airline. Working parties are to be formed with the aim of pinpointing synergies in a wide range of potential joint activity.

To SAS the deal opens up the prospect of a much better air service between Scandinavia and Latin America, specifically Rio de Janeiro. SAS has provided a $30m loan, convertible into shares to Icarosan to help its development.

# Paribas's profits go up by 36%

By William Dawkins in Paris

PARIBAS, the privatised French merchant bank, yesterday announced a 36 per cent rise in profits for the first half of the year and predicted the full year surplus would exceed its earlier forecasts.

The group, a big player in France's increasingly active takeover scene, produced a FFr1.9bn ($300m) net consolidated profit for the six months ended June, more than its profits for the whole of 1987, when earnings plunged with the stock market crash.

That compares with FFr1.4bn in the first half of 1988, representing a rise in earnings per share from FFr26 to FFr35.5.

Paribas expects full-year profits to climb by 30 per cent to FFr3.45bn, confirming that it has more than regained the 20 per cent annual growth that was the pre-crash norm.

The company said all this latest growth is internally generated, spread virtually evenly across the bank's activities.

Even Paribas' troubled Credit du Nord retail bank put in a FFr63m profit, its first for several years.

The group's FFr1.9bn net profit included FFr1.035bn from the capital account — mainly income from industrial investments and share sales — up from FFr838m in the first half of 1988. Profits from current operations rose from FFr576m to FFr874m.

Loans to clients rose 21 per cent to FFr385bn, while deposits were up by 26 per cent to FFr244bn, after a strong recovery in credit demand from corporate and private customers. Lending margins and the quality of the bank's debt exposure have improved, said Paribas.

New debt provisions on individual and sovereign country risks fell to FFr1.96bn, from FFr2.19bn at the end of the first half of last year. This comes thanks to Paribas' disposal of $350m of sovereign debts, mainly by selling them in the secondary market and by arranging credit swaps, part of the bank's continuing efforts to reduce its exposure in Latin America.

# Borden plans $571m streamline

By Anatole Kaletsky in New York

BORDEN, the New York-based food and chemicals conglomerate which has been on an acquisition spree since it reduced its dependence on commodity chemicals in the mid-1980s, yesterday announced a pre-tax charge of $571m to "streamline and consolidate" its operations.

Borden's announcement was greeted by Wall Street, where the company's share price rose by $1⅞ to $38⅛ in active morning trading.

Borden said its restructuring would represent the second phase of the strategy begun in March 1986, when management decided to expand aggressively in six "strategic growth areas" — dairy products, snacks, pasta, other grocery items, specialty resins and wall coverings.

Since then, the company has made 77 acquisitions around the world, at a cost of about $1.5bn. Borden's total sales have grown 60 per cent since the start of the strategic realignment, to an estimated $7.6bn this year.

Its snack sales have doubled and its pasta sales have tripled. Borden now claims to be the worldwide leader in the pasta, dairy products, wall covering and wood adhesives businesses and to be the world's second-biggest producer of salty snacks. Among its European products are Murphy's potato chips, Airfix glue and Crown wallpaper.

However, its biggest single operation remains US dairy products, a highly regionalised business, in which the profit margins are being whittled away by intense competition. A large part of yesterday's charges would be allocated to closures and consolidations of smaller and older dairy plants, Borden said.

The restructuring would reduce Borden's current world-wide employment of 46,000 by about 15 per cent in an "orderly and deliberate process" which might take several years to complete. It would improve pre-tax earnings by about $340m annually by 1993, the company said. Borden's profits in 1988 were $543m before tax and $312m net.

The company said that the after-tax cost of yesterday's charge would be about $404m and would be recorded in its third-quarter results. Excluding this charge, net earnings per share would have shown an increase of about 10 per cent in the quarter, according to Borden.

# Sony secures Guber for $200m

By Anatole Kaletsky in New York

SONY USA announced yesterday that it was paying $200m, or $17.50 a share, for Guber-Peters Entertainment.

Guber-Peters, which was known until recently as Barris Industries, is a film production company run by Mr Peter Guber, the man tipped to become head of Columbia Pictures after its acquisition by Sony is complete.

According to Hollywood observers, the Guber-Peters deal is likely to mean the departure of Ms Dawn Steel, president of the studio's movie-making operation, who was brought in two years ago to replace Mr David Puttnam, the British producer. Mr Victor Kaufman, Columbia's chairman, has already said he would be leaving Columbia.

Mr Guber and Mr Jon Peters, his partner, have produced such film successes as Batman, Rain Man and The Color Purple. Columbia's current management, by contrast, have had few big box-office triumphs.

The premium price paid by Sony for Guber-Peters reflected the high value the Japanese company apparently attached to the two film executives. The shares of Guber-Peters, which is 28 per cent owned by its two principals, traded at $12¼ just before Sony's announcement of the Columbia acquisition.

However, yesterday's announcement seemed to leave a large legal problem for Sony still outstanding.

Guber-Peters currently has a production and distribution contract with Warner Brothers which gives Warner the right of first refusal on any film which Mr Guber or Mr Peters produce.

A five-year extension of this contract was signed only a few weeks ago, and Guber-Peters has several films currently under production for Warner.

# Cigna faces $90m Hugo losses

By Our Financial Staff

CIGNA, the big US insurer, expects to take an after-tax charge of about $90m against third quarter results due to losses from Hurricane Hugo, mostly in Puerto Rico, the Virgin Islands and south-eastern US.

The company said the charge also includes expected reinsurance reinstatement charges. It said it expects to report results on November 2.

Earlier two other leading US insurance groups revealed estimated costs relating to damage by the hurricane.

St Paul Companies, the Minnesota insurer, estimates its pre-tax costs will not exceed $50m. This could reduce third-quarter earnings by as much as 65 cents a share. In last year's third quarter, St. Paul earned $103.4m or $2.14 a share.

American International Group, the New York-based company, estimates that insured net losses relating to Hurricane Hugo will have a pre-tax impact on third-quarter results in the range of $35m to $45m.

The estimated insured damages occurred both in Puerto Rico and the eastern Caribbean islands as well as in the coastal region of the Carolinas.

# NME predicts long term growth

NATIONAL Medical Enterprises, the Los Angeles hospital management group, lifted first quarter earnings from $41.1m or 56 cents a share to $50m or 65 cents, as revenues rose $144m to $996.3m, writes our financial staff.

The company said it expects its earnings and revenue growth to be about 15 per cent in fiscal 1990.

Mr Richard Eamer, the chairman said that Hillhaven, the National Medical subsidiary handling long-term care facilities, is expected to operate at or near break-even for about one year after it is spun off from the parent company.

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**GLOBAL GOVERNMENT PLUS FUND LTD**
**INTERNATIONAL DEPOSITARY RECEIPT**
**issued by**
**Morgan Guaranty Trust Company of New York**

On September 21, Global government plus fund has announced that it will pay USD 6.7859 for each common share validly tendered pursuant to the offer made by Global on August 2, 1989 to purchase up to 25% of its issued and outstanding common shares. The purchase price represents the net asset value per share of Global Government Plus Fund Limited as at September 18th, 1989. Payment of the purchase price shall be made in accordance with the terms and will be subject to the conditions of the offer.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BRUSSELS OFFICE

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NOTICE TO THE WARRANT HOLDERS OF

## SUMITOMO CEMENT CO., LTD.

**U.S. $100,000,000**
**3⅝% Guaranteed Bonds 1992**
**With Warrants to subscribe for shares of Common Stock of Sumitomo Cement Co., Ltd.**

Pursuant to Clause 4 (xiii) of the Instrument dated 21st July, 1988 (the "Instrument") relating to the above-captioned warrants (the "Warrants"), notice is hereby given as follows:

On 21st September, 1989, Sumitomo Cement Co., Ltd. (the "Company") issued, in accordance with the resolution of its Board of Directors adopted at a meeting held on 1st September, 1989, 30,000,000 new shares of its common stock by way of public offering in Japan at the price of Yen 870 per share. Consequently, the Subscription Price (as defined in the Instrument) with respect to the Warrants has been adjusted in the manner as set forth below pursuant to Clause 3 (vi) of the Instrument.

Subscription Price before adjustment: Yen 700.00
Subscription Price after adjustment: Yen 697.50
Effective date of adjustment: 21st September, 1989, Japan time

29th September, 1989

SUMITOMO CEMENT CO., LTD.
By: The Sumitomo Bank, Limited
as Principal Paying Agent

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**GREECE FUND LIMITED**
**INTERNATIONAL DEPOSITARY RECEIPT (I.D.R.)**
issued by
Morgan Guaranty Trust Company of New York
evidencing 1000 participating shares of USD 0.01 each

1) NOTICE OF ANNUAL GENERAL MEETING
Notice is hereby given that the First Annual General Meeting will be held at Waterloo House, Don Street, St Helier, Jersey, Channel Islands at 12 noon on Wednesday 18 October 1989, to consider and, if thought fit, adopt the following resolution:
Receive the report of the Directors, the accounts for the period ended 30 June 1989 and the report of the Auditors thereon.
To reappoint Coopers and Lyband as auditors of the company.
To authorize the Board to agree with the auditors a sum to cover their remuneration.

VOTING ARRANGEMENTS FOR IDR-HOLDERS
IDR-Holders who wish to vote must follow the following procedure :
IDR- Holders must deliver the IDRs to the Depositary at the address given below (attention : Securities Department - telephone 32-2-508.84.49 - telex 21752 MORBK B), instruct the Depositary as to the manner in which votes should be cast, and indicate to whom the IDRs should be returned after the meeting.
IDR-holders who wish to vote are also requested to transfer to Morgan Guaranty Trust Company of New York, New York, for account 670-01-422 of Morgan Guaranty Trust Company of New York, Brussels, a fee of USD 10,- per IDR in respect of which a vote is cast.
The IDRs will be returned, after conclusion of the meeting and payment by the IDR-holders of the above fee.

2) A dividend of 4.5 cents per share will be paid on 03 November 1989 (subject to confirmation at the Annual General Meeting)
Copies of the Annual report are available to holders of depositary receipts and to the public at the company's place of business in England, 36 Old Jewry, London EC2R 8BS or at Morgan Guaranty Trust Company of New York, Brussels office, 35 avenue des Arts, 1040 Bruxelles.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
35, avenue des Arts
1040 BRUXELLES

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New Issue
September 29, 1989

This announcement appears as a matter of record only.

# HOESCH

## Hoesch International Finance B.V.

**Haarlem, The Netherlands**

**DM 200,000,000**
**7% Bonds 1989, due 1999**

unconditionally and irrevocably guaranteed by

## Hoesch Aktiengesellschaft

**Dortmund, Federal Republic of Germany**

**with Warrants attached to subscribe for shares of common stock of Hoesch Aktiengesellschaft**

| | |
|---|---|
| Offering Price: | 135% |
| Interest: | 7% p.a., payable annually in arrears on September 29 |
| Maturity: | September 29, 1999 at par |
| Subscription Right: | Each bond in the denomination of DM 1,000 is issued with two warrants entitling the holder to subscribe for a total of six shares of common stock of Hoesch Aktiengesellschaft in the nominal amount of DM 50 each at a subscription price of DM 247 per share. The warrants are detachable as of September 29, 1989 and the subscription right may be exercised from that day on through September 28, 1994. |
| Listing: | Düsseldorf and Frankfurt am Main |

**Deutsche Bank**
Aktiengesellschaft

| | | |
|---|---|---|
| Dresdner Bank Aktiengesellschaft | Commerzbank Aktiengesellschaft | Westdeutsche Landesbank Girozentrale |
| Morgan Stanley GmbH | Amro Handelsbank Aktiengesellschaft | Banque Paribas Capital Markets GmbH |
| Bayerische Vereinsbank Aktiengesellschaft | Berliner Bank Aktiengesellschaft | BHF-Bank |
| CSFB-Effectenbank Aktiengesellschaft | J.P. Morgan GmbH | Sal. Oppenheim jr. & Cie. |
| Schweizerische Bankgesellschaft (Deutschland) AG | Trinkaus & Burkhardt Kommanditgesellschaft auf Aktien | S.G. Warburg Securities |
| Westfalenbank Aktiengesellschaft | DG BANK Deutsche Genossenschaftsbank | Marcard, Stein & Co |

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U.S. $75,000,000

GZ BANK

**Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft**

Floating Rate Subordinated Notes Due 1991

| | |
|---|---|
| Interest Rate | 9⁵⁄₁₆% per annum |
| Interest Period | 29th September 1989 / 29th December 1989 |
| Interest Amount per U.S. $1,000 Note due 29th December 1989 | U.S. $23.54 |

**Credit Suisse First Boston Limited**
Agent Bank

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U.S. $100,000,000

**GW Overseas Finance N.V.**

Guaranteed Floating Rate Notes Due 1994

Unconditionally guaranteed by

GW

**Great Western Financial Corporation**

| | |
|---|---|
| Interest Rate | 9⅛% per annum |
| Interest Period | 28th September 1989 / 28th March 1990 |
| Interest Amount per U.S. $10,000 Note due 28th March 1990 | U.S. $458.78 |

**Credit Suisse First Boston Limited**
Agent Bank

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U.S. $75,000,000

## Comerica Incorporated

Floating Rate Subordinated Capital Notes Due 1997

| | |
|---|---|
| Interest Rate | 9³⁄₁₆% per annum |
| Interest Period | 29th September 1989 / 29th December 1989 |
| Interest Amount per U.S. $50,000 Note due 29th December 1989 | U.S. $1,161.20 |

**Credit Suisse First Boston Limited**
Agent Bank

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## Mezzanine Capital Corporation Limited

Notice to the holders of the Bearer Depositary Receipts ("BDRs") evidencing Participating Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzanine Capital Corporation Limited (the "Company")

### Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN to the holders of the BDRs that Manufacturers Hanover Bank (Guernsey) Limited ("the Depositary") has received notice from the Company that the Annual General Meeting of the members of the Company will be held at Capital House, Bath Street, St. Helier, Jersey, Channel Islands on Monday, 23rd October, 1989 at 11.00a.m. for the purpose of considering and voting on the following matters:-

1. To receive and consider the Accounts and Balance Sheet and Reports of the Directors and Auditors for the year ended 31st May, 1989.
2. To declare a final dividend of US$0.3857 per Participating Redeemable Preference Share to be payable as from Tuesday, 24th October, 1989.
3. To re-appoint Messrs. Price Waterhouse as Auditors of the Company and to authorise the Directors to fix their remuneration.
4. As Special Business, to consider and if thought fit, pass the following resolution which will be proposed as an ordinary resolution:-
"That, for a period ending on the date of the next Annual General Meeting of the Company, the Company be and is hereby authorised to make equity or other investments in any company in which any of M. M. Halpern, J. L. Katz and A. Schechter have invested or propose to invest, provided that the aggregate amount of such investments made by the said Directors in any one company does not exceed 5% of the aggregate amount of the Company's investment in such company, and provided that such investment by the Company does not exceed $10,000,000 and the said Directors shall not be obliged to account to the Company for any profit derived therefrom. Such authority shall allow and enable the Company to agree to make any such investment during the said period notwithstanding that the investment itself shall not be made until after the expiry of the said period."
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

BDR holders have the right to attend and speak at the Annual General Meeting but not themselves to vote thereat. BDR holders may however instruct the Depositary as to the exercise on their behalf of the voting rights attributable to the shares evidenced by the BDRs which they hold.

Instructions as to voting must be given either to the Depositary or to a Paying Agent, Cedel or Euroclear (a "Paying Agent") in writing not later than Monday, 16th October, 1989 and must be accompanied by the BDR in respect of the Shares for which such instructions are given. The Depositary or relevant Paying Agent must be satisfied that such BDR is held in a blocked account to its order until after Monday, 23rd October, 1989. Voting instruction forms may be obtained from any Paying Agent.

On deposit of a BDR with or to the order of a Paying Agent the holder thereof may obtain a receipt which will entitle him to attend and speak at the Annual General Meeting.

BDRs deposited with or to the order of a Paying Agent will not be released until the first to occur of (A) the conclusion of the above-mentioned meeting or any adjournment thereof or (B) the surrender to the Paying Agent, not less than 48 hours before the time for which such meeting or any adjournment thereof is convened, of the receipt issued by the Paying Agent in respect of each such deposited BDR which is to be released or the BDR or BDRs ceasing with its agreement to be held to its order. The Paying Agent shall promptly give notice to the Depositary of such surrender or release.

Copies of the Company's Annual Report may be obtained from any of the Paying Agents listed below and Euroclear and Cedel.

**Depositary and Principal Paying Agent**
Manufacturers Hanover Bank (Guernsey) Limited,
Manufacturers Hanover House, Le Truchot,
St. Peter Port, Guernsey, Channel Islands

**Paying Agents**
Bankers Trust Luxembourg S.A.,
14 Boulevard Roosevelt,
Luxembourg, Grand Duchy of Luxembourg
Manufacturers Hanover Trust Company,
Bockenheimer Landstrasse 51-53,
D 6000 Frankfurt-am-Main 1, West Germany
Manufacturers Hanover Trust Company,
Shell Tower, 33/34th Storey,
50 Raffles Place, Singapore 0104
Manufacturers Hanover Trust Company,
7 Princes Street, London EC2P 2LR
Manufacturers Hanover Trust Company,
Edinburgh Tower, 43rd Floor,
15 Queens Road Central, Hong Kong
Manufacturers Hanover Trust Company,
Stockerstrasse 33, 8027 Zurich, Switzerland
Morgan Guaranty Trust Company of New York,
14 Place Vendôme, 75001 Paris, France

St. Peter Port, Guernsey
Dated 29th September, 1989

by: Manufacturers Hanover Bank (Guernsey) Limited
Depositary

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**WEST MIDLANDS**

The Financial Times proposes to publish a Survey on the above on

**18TH OCTOBER 1989**

For a full editorial synopsis and advertisement details, please contact:

**ANTHONY G. HAYES**

on 021-454-0922
or write to him at:
George House, George Road
Edgbaston, Birmingham
B15 1PG

FINANCIAL TIMES

# INTERNATIONAL COMPANIES AND FINANCE

# Race to dominate world tyre market

## John Griffiths examines the fortunes of the big six producers

On the surface, Michelin's $1.5bn takeover of Uniroyal Goodrich of the US, to be completed by early next year, marks the final stage of a world tyre industry rationalisation during the 1980s which has left more than 80 per cent of total sales in the hands of just six large producers.

The lacklustre Uniroyal Goodrich, formed out of the troubled tyre operations of Uniroyal Tire and B.F.Goodrich nearly four years ago and owned by Wall Street turnaround specialists Clayton & Dubilier since early last year, was widely perceived as the last leading tyre company with an obvious "for sale" tag on it.

Yet the acquisition which has made Michelin indisputably the world's largest tyremaker is very unlikely to allow the $45bn-a-year industry to settle more comfortably into a new world order.

It seems certain to provoke some further response from Bridgestone of Japan, whose public declaration that it intends to wrest world leadership from western producers – made at the time of its $2.6bn purchase of Firestone Tire and Rubber of the US last year after outbidding both Michelin and Italy's Gruppo Pirelli – now has a hollow ring.

It leaves Goodyear Tire and Rubber, with whom Michelin has been neck-and-neck for the past three years, worriedly contemplating the much-expanded presence in its own backyard of a foreign group which has picked up, at a stroke, the lion's share of supplies to General Motors, the world's largest vehicle maker.

And it has left the next two largest players, Continental of West Germany and Pirelli, anxiously assessing to what extent they might find themselves further disadvantaged by their relative lack of size, and what they can do about it now that Uniroyal Goodrich has passed beyond their reach.

It is a concern which is

Mr Ludovico Grandi: back on the acquisitions trail

intensified by the rapid globalisation of the motor industry itself, requiring the leading players in the tyres sector to have significant manufacturing presences in all the world's main vehicle-producing regions.

In spite of its own acquisition of General Tire of the US at the end of 1987, which virtually doubled its tyre sales, Continental's tyre sector turnover, at around $3.4bn, remains well under half the nearly $8bn a year of Bridgestone if Firestone's annual sales of $1.5bn are included in the Japanese company's total.

Mr Gunther Sieber, head of Continental's sales and marketing, makes no secret of the fact that "we want to close the gap" to the largest producers and that "more selective acquisitions in strategic regions cannot be ruled out."

Pirelli's tyres turnover is marginally smaller than Continental's at just more than $3bn – although tyres account for an unusually low half-share of the Italian group's total business.

Both, like Michelin, have strong incentives to continue to seek a much larger foothold in North America, which absorbs between a third and 40 per cent of world tyre output, but where their presence until recently has been minimal.

While Continental's acquisition of General Tire has been helpful in this respect, giving it nearly 20 per cent of original equipment supplies to General Motors, for example, Pirelli remains more of an outsider.

This is in spite of its purchase of Armstrong and its current $250m investment programme in what is now the Pirelli Armstrong Corporation, under which Armstrong will produce Pirelli – as well as its own-branded tyres – part of the problem being that Armstrong itself has only a small presence in the US road vehicles sector, until now having mainly made trctor tyres.

Goodyear's concern is exacerbated by its own reduced ability to respond to the 'invasion' of the US industry.

It is still wrestling to reduce the $2bn-plus debt burden it incurred a little over two years ago in fighting off financier Sir James Goldsmith's corporate raiders.

In this weakened state it has been struggling to sustain required heavy investment in research and development and in new manufacturing technology, while having to cut back sharply on costs.

All this comes against a background of falling unit sales for Goodyear in North America and some other misfortunes which have combined to slash its profits by nearly 50 per cent in the first half of this year.

Many industry eyes, however, will be looking to Pirelli as the likely catalyst for a further round of restructuring of the industry, for even Pirelli executives concede that the Armstrong acquisition, for a mere – by tyre industry standards – $190m was only minor compensation for being outbid for Firestone by Bridgestone.

Since the Armstrong acquisition, Pirelli has also had its hands full with a major internal restructuring of its own, under which it has regrouped all its world tyre operations into a new, Dutch-registered holding company, Pirelli Tyre Holding NV.

But that Pirelli was prepared to bid up to $1.9bn for Firestone and that – as Mr Ludovico Grandi, chairman and chief executive of the management board of Pirelli's world tyre operations, readily acknowledges – a prime purpose of issuing 9m new shares in Pirelli through the Amsterdam flotation in July was to obtain finance for further expansion. Pirelli itself looks to be back on the acquisitions trail just as soon as the dust has settled from its complex restructuring.

One seemingly obvious approach, and suggested as at least a possibility by some tyre industry observers, would be for Continental and Pirelli to merge to create a European group. This, at a stroke, would match in size even the enlarged Bridgestone.

So far, however, it is a course for which neither Mr Grandi nor senior Continental executives are showing any apparent enthusiasm.

As far as Pirelli is concerned "one should not over-estimate the advantages that can be gained from size", insists Mr Grandi.

"We are not obsessed by it and in any case we are well above the critical size needed to be viable".

However, while Pirelli "does not anticipate" any tie-ups with Continental "we are talking with many people in Europe and the Far East", according to Mr Grandi.

With several other smaller but no less aggressive Japanese companies apart from Bridgestone also looking to expand and acquire a more global presence – not least Sumitomo of Japan, which now embraces Dunlop tyre marque, and Yokohama – it is inevitable that some of the smaller Western companies must now start looking anxiously over their shoulders.



























# Bond's HK arm registers HK$1,935bn

**By Michael Marray in Hong Kong**

BOND CORPORATION International (BCIL), the Hong Kong-listed subsidiary of Mr Alan Bond's Australian-based business empire, has reported attributable profits of HK$1,935.6bn (US$247.5bn) for the year ended 30 June, but will not be paying a final dividend, since substantial profits from asset sales have already been distributed to shareholders in the form of special dividends.

BCIL helped out its cash strapped parent in May with the sale of its flagship Bond Centre office building in Hong Kong's central financial district, and distributed the proceeds to shareholders in two special dividends of 70 cents and 40 cents respectively.

Bond Corporation Holdings' 66 per cent stake meant that it received about HK$970m of the HK$1.47bn payout.

An interim dividend of six cents per share had previously been paid at the half-way stage, when profit figures included the December 1988 sale of the company's 30.35 per cent stake in HK-TVB, the local television station.

Included in the full-year accounts are BCIL's HK$71.8m share of TVB profits and HK$193.5m in profits from the sale. After these asset disposals, BCIL's main source of income is its 45 per cent holding in the Chile Telephone Company, which contributed HK$95.5m in profits for the first half, and HK$248.5m for the six months to 30 June.

In July the company completed the US$10.5m acquisition of an 85 per cent stake in the Huizhou Brewery in China, finalising the joint venture agreement on July 22 at which date the Huizhou Brewery Company became a group subsidiary. BCIL's other main interest is its 50 per cent holding in a leading property development in Italy, near Rome.

# Brierley profits increase 38%

**By Terry Hall in Wellington**

BRIERLEY INVESTMENTS yesterday announced a 38 per cent lift in tax-paid profits to NZ$365.46m (US$219m) for the year to end-June. Mr Paul Collins, the chief executive, said this was proof that the group had successfully restructured itself after the 1987 share market crash and was ready for new international opportunities.

Mr Collins said that capital funds were over NZ$4bn on total assets of NZ$8.8bn, creating "a phenomenally" strong position and the best balance sheet the company has had.

A huge amount of research was gone into finding opportunities in Britain, the US and Australia.

The company's goal was wealth accretion and most of its New Zealand assets were in mature trading companies. Investments contributed only NZ$110.58m out of the NZ$406.98m gross profit that the company earned in New Zealand.

In contrast, the UK operations earned NZ$254.32m from investments, compared with NZ$116.73m from trading.

The British portfolio was basically a diversification of risk and had stood the company in good stead, while the New Zealand market had gone through a troubled period since 1987.

At yesterday's briefing, Sir Ronald Brierley, the retiring chairman, said that the purchase from the New Zealand Government of 65 per cent of Air New Zealand's capital had been the main event of the year.

This stake is being reduced to 35 per cent by a public issue. He said the airline has an expected market capitalisation of about NZ$750m.

Sir Ronald said that the Hong Kong subsidiary, Industrial Equity Pacific, was doing well, although much of its profits came from sales such as Calmat and Ultramar during the year. These gains appeared to be one-offs, representing investment and management input that had been largely unrewarded in earlier years.

"This emphasises IEP's long-term strategy, which is identical to that of Brierley Investments at a similar stage of its development in the 1970s," Sir Ronald said.

Mr Collins said that in spite of the sales of Brierley's stake in IEL, the group would continue to be a force in the Australian market. It needed a presence in Australia as many New Zealand trading company operations were centred there and Australia was a leading capital market close to home. He added that Sir Ronald had a special knowledge and understanding of the market.

The lift in profits from last year was achieved on a lower gross revenue of NZ$6.18bn (NZ$7.11bn last year) and in spite of a higher income tax bill of NZ$81m (NZ$50.97m).

The profit before tax was NZ$665.77m (NZ$513.44m). Minority interests contributed NZ$219.29m (NZ$205.96m). Equity earnings were nil (NZ$8.3m last year).

Earnings per share after tax were 21.9 cents (17.3 cents) on an annual basis and net tangible asset backing per share was NZ$1.35 (NZ$30).

# INTERNATIONAL COMPANIES AND FINANCE

## Koor records profit after setting aside Tadiran loss

By Hugh Carnegy in Jerusalem

KOOR INDUSTRIES, Israel's heavily-indebted industrial group, yesterday set aside mounting losses in its biggest subsidiary to report an interim profit for the rest of the group.

As expected, Koor accounted separately a $78m first-half loss at Tadiran, a maker of military communications equipment and consumer electrical goods which Koor now intends to sell. The Tadiran loss showed up in the group accounts only as a reduction in Koor's capital to Sh427m ($218.5m), from Sh596m at the end of last year.

This ploy freed Koor to present an upbeat set of figures in which there was a first-half operating profit of Sh63m. There was a pre-tax profit of Sh10m, compared with a loss in the same period of 1988 — excluding Tadiran losses — of Sh313m. The after-tax result this year was a loss of Sh10m, smaller than recent results.

Mr Benjamin Gaon, Koor's chief executive, described the results as a turning point in the group's struggle for survival. Last year the debts prompted a liquidation suit by Bankers Trust of New York.

His confidence may not yet be shared by Koor's creditors. Liquidation was averted in June, after an agreement with Bankers Trust and the company's creditors on a re-scheduling programme for the $1.25bn debt. But that was before the latest losses in Tadiran were revealed. Final agreement on the re-scheduling programme has since been delayed while the creditors wait for a detailed recovery plan due from Koor next month.

## Koito accuses Pickens of link with Japanese raider

By Stefan Wagstyl in Tokyo

KOITO MANUFACTURING, the Japanese car components company, yesterday went on the attack in its battle with Mr T. Boone Pickens, the Texan corporate raider who has taken a $1bn-plus stake in Koito.

Koito accused Mr Pickens of appearing to be in league with Mr Kitaro Watanabe, a Japanese corporate raider, who twice last year tried to force Koito to arrange a buyback of his shares at a premium.

Mr Watanabe's Azabu group accumulated at least 20 per cent of Koito before selling in March a 20.2 per cent stake to Boone Co, an investment group run by Mr Pickens. Earlier this month Mr Pickens announced plans to increase his stake to 26 per cent by buying more shares from Azabu.

In a letter to Mr Pickens, circulated to journalists by Koito's lawyers, Koito asked Mr Pickens to clarify his relationship with Mr Watanabe. The letter pointed out that Mr Pickens' refusal to do so has prompted widespread speculation that his purchases are covered by a repurchase agreement.

"I am sure you recognise that, whatever your intentions, your continued alliance with Mr Watanabe and your refusal to disclose the terms of your arrangements with Azabu appear to place you in direct concert with a shareholder who has sought to greenmail the company or its shareholders," said the letter signed by Mr Takao Matsuura, the Koito president, and drafted with the help of US investment bankers working for Nomura Wasserstein Perella, Koito's adviser.

The letter indicated that Koito would not obstruct Mr Pickens' plan to call for an extraordinary general meeting. Mr Pickens has said he wants such a meeting to discuss his demands for an increase in dividends and for four seats on the board. He is asking for four because Toyota Motor, previously Koito's largest shareholder with a 19 per cent stake, nominates three directors.

Under Japanese law a shareholder with a substantial holding can call a meeting after being on the register for six months. In Mr Pickens' case, the probationary period ends this month.

However, Koito warned that Mr Pickens can expect few concessions on the substance of his demands because of his own reputation as a corporate raider in the US and Mr Watanabe's as a greenmailer in Japan. Mr Pickens' planned purchase of additional shares will however increase the pressure on Koito by raising to more than 70 per cent the proportion of shares held by the top 10 shareholders. This will increase the risk that the Tokyo Stock Exchange might de-list the company's shares on the grounds that there is too little stock in free circulation.

## Chemie to shed pharmaceuticals

By Peter Marsh

CHEMIE HOLDING, the biggest Austrian chemicals company, plans to sell its pharmaceuticals division for a targeted price of about £200m ($325m).

The company, which is state-owned but is in the process of being privatised, also plans to step up its investments in plants outside Austria, where virtually all its production is currently sited.

Mr Peter Apfalter, chairman-designate of Chemie Holding, said yesterday in London that these measures would enable the company to concentrate on its core businesses and to move more quickly into the large markets of the US and the European Community.

Chemie Holding, which until recently was called Chemie Linz, is a medium-sized chemicals group with sales last year of AS11.3bn ($845m). It is part of the state-owned OIAG industrial holding company which is scheduled for at least partial privatisation over the next three years.

Mr Apfalter is head of Chemie's chemicals division and takes over as group chairman in January.

He said Chemie had decided to withdraw from pharmaceuticals sales and developments as part of a plan to consolidate its interests in specialist chemicals such as high-value materials used in drug production.

He said Chemie had already discussed the possible sale of its drugs division with a number of large pharmaceuticals groups in Europe, the US and Japan.

The unit, which has annual sales of about AS2bn, sells a large range of products for treatments including heart disease, nervous disorders and arthritis.

It occupies only a low ranking in the world drugs industry, but might be of interest to large healthcare groups interested in building up sales in Austria and neighbouring countries in Eastern Europe.

Chemie, whose other activities include sales of plastics and fertilisers, was anxious to build up production in other countries, especially the US and European Community, said Mr Apfalter.

## Earnings at Canal + up 28% at halfway

By William Dawkins in Paris

CANAL +, Europe's leading pay television station, yesterday unveiled a 28 per cent increase in group net profits for the first half of the year.

Total revenues, mostly made up of rental fees for the decoders needed to receive Canal + programmes, rose by 15 per cent, from FFr2.1bn ($330m) in the first half of 1988 to FFr2.4bn in the six months to June.

Canal +, which was Europe's first pay television channel when it started broadcasting in 1984, had 2.7m subscribers by the end of June and is expected to have 2.8m by the end of this year.

The Paris-based broadcaster's net profits meanwhile climbed from FFr317m to FFr405m for the first half. At the pre-tax level, profits rose from FFr578m to FFr633m.

The group predicted that total revenues in the full year would rise 13 per cent to FFr4.5bn as against FFr4bn in 1988, though profits will rise less steeply in the current six months because programming costs are usually higher in the second half.

## Cerus net profit jumps to $113m

CIES Europeennes Reunies (Cerus) announced yesterday that its consolidated net profit jumped to FFr723m ($113m) in the first half of 1989 from FFr120m a year earlier and FFr332m for all of 1988.

The French financial holding company didn't provide additional details on the first-half earnings, other than that they included the first-time contribution of recently acquired the merchant bank Dumenil-Leble, which had consolidated net profit of 137 million francs.

The group's main units had strong first-half earnings, especially auto parts group Valeo SA and Belgian holding company Societe Generale. Cerus also had a non-recurring gain of FFr200m in the first half from an initial public offering by Yves Saint-Laurent.

## Margins tighten at Montedison

By John Wyles in Rome

MONTEDISON, the Italian chemicals company controlled by Mr Raul Gardini's Ferruzzi group, last night reported a 24 per cent drop in six months net consolidated operating income to L282bn ($207m) on sales which were 14 per cent higher at L3,140bn.

However, an extraordinary gain through the transfer of Montedison's basic chemicals business to the Enimont joint venture raised net income to L1,102bn. On a directly comparable basis, the profits compared with L373bn last year.

The company said that the fall in earnings was due to a "temporary decline" in margins, particularly in the area of polymer materials.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on September 28

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| B.F.C.E. 9¼ 95 | 150 | 101¼ | 101¾ | 0 | -0⅜ | 8.91 |
| Brit. Tel. Fin. 9⅜ 98 | 250 | 102½ | 103 | 0 | -0⅝ | 8.91 |
| Canada 9 96 | 1000 | 101¾ | 102 | 0 | -0⅜ | 8.64 |
| Canadian Pac 10¼ 93 | 100 | *102½ | 102½ | 0 | 0 | 9.28 |
| C.C.C.E 9¼ 95 | 300 | 101 | 101⅜ | 0 | -0⅜ | 8.96 |
| C.N.C.A 9⅞ 93 | 150 | 100½ | 101 | 0 | -0½ | 6.16 |
| Credit National 8¼ 93 | 200 | 97¾ | 98¼ | 0 | -0⅛ | 8.90 |
| Credit National 7¾ 92 | 300 | 96⅛ | 96⅝ | 0 | -0⅛ | 8.92 |
| Credit National 9½ 92 | 160 | †100⅝ | 101⅛ | -0⅛ | -0½ | 9.15 |
| Dai-Ichi Kan 9⅝ 92 | 150 | 101⅛ | 101⅝ | -0⅛ | -0½ | 9.03 |
| Denmark 7¾ 92 | 500 | 95⅝ | 96⅛ | -0⅛ | -0⅜ | 9.05 |
| E.E.C. 7 91 | 100 | 96⅛ | 96⅝ | 0 | -0⅛ | 8.81 |
| E.E.C. 7¼ 93 | 250 | 94½ | 94⅞ | 0 | -1 | 9.12 |
| E.E.C. 10 93 | 140 | 103 | 103⅜ | 0 | -0½ | 8.89 |
| Eurofima 10¼ 93 | 100 | †103⅜ | 103⅞ | 0 | -0½ | 8.88 |
| Elec.De France 9 98 | 200 | 100⅝ | 101 | 0 | -0⅛ | 8.83 |
| Elec. De France 9¼ 99 | 200 | 103¼ | 103⅝ | 0 | -1⅛ | 8.96 |
| Finland 9 96 | 250 | 100⅛ | 100⅝ | 0 | -0⅞ | 8.93 |
| Finn.Exp.Cd. 8½ 92 | 200 | 98⅝ | 99⅛ | -0⅛ | -0½ | 8.99 |
| Finn. Exp. Cd. 9¼ 95 | 200 | 101⅝ | 102⅛ | 0 | -0⅝ | 8.95 |
| Finn. Exp.Cred.10⅝ 91 | 100 | 101½ | 102⅛ | 0 | +1⅛ | 9.19 |
| Ford Motor Credit 8 91 | 250 | †98 | 98½ | 0 | -0⅜ | 9.25 |
| Gen.Elec.Cap.Corp. 9 93 | 500 | †98⅞ | 99⅜ | 0 | -1⅛ | 9.25 |
| Gen.Elec.Cap.Crp.10 1/2 91 | 300 | 101½ | 102⅛ | 0 | -0⅛ | 9.09 |
| G.M.A.C. 9 96 | 300 | 98⅞ | 99⅛ | -0⅛ | -0⅞ | 9.19 |
| Gen.Mtrs.Corp. 9¼ 92 | 200 | 100⅜ | 100⅞ | +0⅛ | 0 | 8.84 |
| IBM Credit Corp. 8⅞ 91 | 250 | 99⅞ | 100⅛ | 0 | -0⅜ | 8.79 |
| IBM Credit Corp. 9 92 | 250 | 100⅛ | 101⅛ | 0 | -0⅜ | 8.56 |
| IBM Credit Corp. 9½ 92 | 250 | 100⅞ | 101⅜ | 0 | -0½ | 8.91 |
| IBM Credit Corp. 10 92 | 200 | 102⅜ | 102⅞ | 0 | -0⅜ | 8.79 |
| Italy 9¼ 95 | 1000 | 102⅛ | 102⅝ | 0 | -0⅝ | 8.94 |
| Italy 9⅝ 99 | 1000 | 103⅞ | 104⅛ | 0 | -1 | 8.98 |
| Itoh C. W/W 4⅜ 94 | 1000 | 100⅛ | 101⅛ | +0⅜ | +0⅜ | 4.44 |
| Japan Dev. Bank 10 96 | 200 | 104⅛ | 104⅞ | -0⅛ | -0⅞ | 9.00 |
| L.T.C.B.of Japan 9¼ 92 | 200 | 100⅛ | 100⅝ | 0 | -0⅜ | 9.04 |
| Metropolis Tokyo 9½ 93 | 200 | 101½ | 102⅛ | -0⅛ | -0⅛ | 8.83 |
| Nippon Tel.&Tel. 9⅝ 98 | 250 | 102⅛ | 102⅝ | 0 | -0⅛ | 8.93 |
| Norway 8¼ 93 | 500 | 99⅞ | 100⅜ | 0 | -0⅛ | 8.67 |
| Portugal 8¾ 91 | 300 | †97⅞ | 98⅜ | -0⅛ | -0⅛ | 9.60 |
| Prudential Crp. 8¼ 94 | 125 | 99½ | 100 | 0 | -0⅛ | 8.83 |
| Sumitomo Bank 9⅝ 92 | 150 | †101⅛ | 101⅝ | -0⅛ | -0⅛ | 9.03 |
| Sumitomo Corp. W/W 4 93 | 1500 | 109⅛ | 110½ | 0 | +1⅛ | 1.28 |
| Sweden 8¾ 96 | 200 | 99⅜ | 99⅞ | 0 | -0⅜ | 8.81 |
| Sweden 8½ 92 | 200 | †98⅛ | 98⅝ | 0 | -0⅛ | 9.10 |
| Toyota 9½ 91 | 200 | 101 | 101½ | 0 | -0½ | 8.82 |
| Toyota Mtr.Corp. W/W 4 93 | 1500 | 102½ | 103⅜ | -0⅜ | +0⅛ | 3.16 |
| Victorian Rep 11⅛ 92 | 150 | 104⅛ | 105⅛ | -0⅛ | -0⅛ | 9.31 |
| World Bank 7 92 | 300 | †95⅞ | 96⅛ | -0⅛ | -0⅜ | 8.88 |
| World Bank 9 97 | 300 | 100⅝ | 101⅛ | 0 | -0⅞ | 8.83 |
| World Bank 9 93 | 300 | 100⅛ | 100⅝ | 0 | -0½ | 8.82 |
| World Bank 9¼ 98 | 300 | 102 | 102⅜ | 0 | -0⅞ | 8.87 |
| World Bank 9⅝ 99 | 500 | 104⅛ | 104⅝ | -0⅛ | -1⅛ | 8.88 |
| World Bank 9⅝ 96 | 300 | 103⅞ | 104⅛ | 0 | -1 | 8.90 |

Average price change... On day 0 on week -0⅜

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. BK. 6 94 | 200 | 94⅜ | 95 | +0⅜ | -0½ | 7.26 |
| Austria 6¾ 99 | 750 | 96⅝ | 97¼ | -0⅛ | -0⅞ | 7.21 |
| Bk.Frgn.Econ.USSR 7 96 | 750 | †94⅞ | 95¼ | -0⅛ | -0⅝ | 7.98 |
| Bank of Tokyo 5¾ 93 | 100 | 94⅞ | 95¼ | -0⅛ | -1 | 7.44 |
| Commerzbank o/s. 5⅜ 93 | 300 | 94 | 94½ | 0 | -0⅜ | 7.40 |
| Credit Foncier 6⅜ 99 | 500 | 96⅞ | 97 | 0 | -0⅞ | 8.22 |
| E.I.B. 6¼ 99 | 600 | 93⅛ | 93⅝ | +0⅛ | -1 | 7.24 |
| E.I.B. 6½ 99 | 300 | 94⅞ | 95⅝ | +0⅛ | -0½ | 7.20 |
| E.I.B. 6⅝ 96 | 600 | 96⅞ | 97½ | +0⅛ | -0⅞ | 7.18 |
| E.I.B. 6⅞ 95 | 300 | 98½ | 99 | +0⅛ | -1 | 7.13 |
| Euro.Coal&Steel 5⅞ 97 | 175 | 92⅛ | 92⅞ | -0⅛ | -0⅛ | 7.19 |
| Eurofima 6¼ 96 | 100 | 93⅞ | 94⅝ | -0⅛ | -1 | 7.36 |
| Elec De France 5¾ 97 | 300 | 90⅞ | 91⅝ | +0⅛ | -1 | 7.29 |
| Hydro-Quebec 6¾ 99 | 300 | 96⅜ | 97⅛ | +0⅛ | -0⅝ | 7.19 |
| Japan Dev. Bk. 5⅜ 95 | 300 | 90½ | 91⅛ | -0⅛ | -1½ | 7.42 |
| Japan Finance 5¾ 97 | 100 | 91⅜ | 92 | -0½ | -0⅞ | 7.24 |
| I.A.D.B. 7¼ 99 | 300 | 99⅞ | 100⅛ | +0⅛ | -0⅜ | 7.24 |
| Ireland 6½ 97 | 300 | 94⅞ | 95¼ | -0⅛ | -0⅜ | 7.37 |
| Ireland 7¼ 99 | 500 | 99 | 99½ | 0 | -0½ | 7.35 |
| Malaysia 6¾ 94 | 150 | 95⅞ | 96⅜ | 0 | -0⅜ | 7.23 |
| Nat. West BK. PLC 6 98 | 300 | 91⅛ | 92 | -0⅛ | -0⅝ | 7.34 |
| N.H.L. Finance 6¼ 95 | 200 | †92⅞ | 93⅛ | 0 | -0⅜ | 7.72 |
| Nippon Telg.&Tel. 6 95 | 400 | 95⅛ | 96 | 0 | +0⅛ | 6.39 |
| Oesters. Kontbk. 5 93 | 300 | 92⅞ | 93⅝ | +0⅛ | -0⅜ | 7.34 |
| Portugal 5⅜ 92 | 150 | 96⅛ | 96⅜ | 0 | +0⅛ | 7.19 |
| Portugal 6⅝ 95 | 150 | 97⅞ | 98½ | 0 | -0⅛ | 6.99 |
| Privatbanken 5¼ 93 | 150 | 93⅞ | 94 | +0⅛ | -0⅛ | 7.37 |
| Royal Insurance 5½ 92 | 300 | 95⅜ | 95⅞ | +0⅜ | -0⅛ | 7.44 |
| Turkey 6½ 95 | 500 | †92⅞ | 93⅛ | 0 | -1⅛ | 8.09 |
| Union Bk.Finland 5½ 94 | 200 | 93⅝ | 94⅛ | -0⅛ | -0⅛ | 7.19 |
| World Bank 6 98 | 500 | 92 | 92⅝ | +0⅛ | -0⅞ | 7.17 |
| World BK. 6¼ 97 | 600 | 94⅛ | 94⅝ | +0⅛ | -0⅛ | 7.66 |
| World Bank 6¾ 99 | 600 | 96⅞ | 97⅛ | 0 | -0⅞ | 7.18 |

Average price change... On day +0 on week -0⅜

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| African Dev.Bk. 5 96 | 150 | †91 | 92 | 0 | +0⅛ | 6.58 |
| Asfinag 5 03 | 100 | †85 | 86 | -0½ | -3 | 6.63 |
| B.F.C.E. 4½ 98 | 200 | †90½ | 91 | 0 | 0 | 5.87 |
| B.M.W.Fin.Neth. 5 13 | 150 | †86¼ | 86½ | -0⅛ | +0⅜ | 6.10 |
| Britannia B/S. 4¼ 94 | 100 | †89⅛ | 90⅜ | +0⅜ | -0⅛ | 6.80 |
| CIR. Int. W/W 3 93 | 125 | †90 | 90⅛ | 0 | 0 | 5.97 |
| Credit Lyonnais 4⅜ 00 | 100 | †88 | 89 | -0⅛ | -1½ | 6.26 |
| E.I.B 4⅝ 98 | 150 | †90 | 91 | 0 | -1 | 6.05 |
| Finn. Exp. Cd. 8¼ 92 | 75 | †100½ | 100⅛ | 0 | 0 | 8.00 |
| Fletcher Chall. 4⅞ 98 | 150 | †82 | 84 | +2⅞ | +6⅞ | 7.65 |
| I.A.D.B. 6 2004 | 200 | †98 | 98⅛ | 0 | -0⅜ | 6.20 |
| Kobe City 4⅝ 98 | 150 | †88½ | 90 | +0⅛ | -0½ | 6.25 |
| Leeds Perm. B/S. 4⅛ 93 | 200 | †91½ | 91⅞ | +0⅛ | +0⅛ | 6.86 |
| Malaysia 5¼ 98 | 100 | †85¼ | 86⅛ | +0⅜ | -4⅛ | 7.52 |
| Maxwell Comm.Crp. 5 95 | 150 | †85⅞ | 86 | -0½ | -0⅝ | 8.18 |
| Nat. Bk. Hungary 5½ 94 | 75 | †89 | 91 | +2⅞ | -1⅝ | 7.90 |
| Nationwide Ang.B/S. 4 93 | 200 | †90 | 91⅛ | +0⅛ | -0½ | 6.94 |
| Prov. Newfoundland 5 03 | 150 | †87 | 89 | 0 | -1 | 6.30 |
| Thailand 4⅝ 95 | 200 | †80 | 82 | -1½ | -3⅞ | 8.97 |
| World Bank 5 03 | 150 | †87½ | 89½ | -0⅛ | +0⅛ | 6.26 |

Average price change... On day +0⅛ on week -0⅜

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Canada 6⅛ 91 | 80 | 100⅝ | 100⅞ | -0⅛ | -0⅛ | 5.52 |
| Canada 5⅝ 93 | 80 | 100⅜ | 101 | -0⅛ | +0⅛ | 5.36 |
| Eurofima 5 1995 | 20 | 97⅝ | 98 | 0 | +0⅛ | 5.45 |
| E.I.B. 4⅞ 93 | 30 | 98⅛ | 98⅝ | -0⅛ | 0 | 5.48 |
| Ireland 5⅛ 93 | 30 | 98⅞ | 99⅛ | 0 | +0⅛ | 5.43 |
| Norway 5⅛ 95 | 50 | 98⅜ | 99 | -0⅛ | -0⅛ | 5.36 |
| Sweden 4⅝ 93 | 50 | 97⅛ | 97½ | 0 | +0⅛ | 5.43 |
| World Bank 5⅛ 98 | 10 | 97⅞ | 98⅜ | -0⅛ | +0⅛ | 5.40 |
| World Bank 7 94 | 20 | 106 | 106½ | 0 | +0⅛ | 5.41 |

Average price change... On day -0⅛ on week +0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Abbey Nat. 10¼ 94 C$ | 150 | 97 | 97⅜ | 0 | -1 | 11.03 |
| Abbey Nat. 11⅜ 95 £ | 100 | 96⅜ | 97¼ | -0⅛ | -1⅛ | 12.38 |
| Aegon 7¾ 92 FL | 100 | 100½ | 101 | +0⅛ | -0½ | 7.84 |
| Alg. Bk. Ned. 5¾ 93 FL | 200 | 94 | 94½ | -0½ | -1⅛ | 7.68 |
| Austria 7½ 94 ECU | 100 | 95⅝ | 96⅛ | +0⅛ | -0⅛ | 8.62 |
| Bk.Nova Scot.14⅜ 90 A$ | 75 | †95½ | 96½ | +0⅛ | -0⅜ | 18.38 |
| Barclays Aus.13½ 91 A$ | 100 | 94½ | 95⅛ | -0⅛ | -0⅜ | 16.71 |
| Belgium 8⅛ 94 Ecu | 150 | 97½ | 98 | -0⅛ | -0⅜ | 8.74 |
| BP Capital 9¾ 93 £ | 100 | 92½ | 93 | 0 | -1⅛ | 12.35 |
| British Airways 10 98 £ | 100 | 89⅜ | 89⅞ | 0 | -1⅜ | 12.00 |
| Brit. Telecom 9½ 93 £ | 150 | 92½ | 93 | 0 | -0⅞ | 12.14 |
| Comm.Bk.Aust. 12⅝ 93A$ | 100 | †92 | 92½ | -0⅝ | -1 | 15.48 |
| Comm.Bk.Aus.13¼ 94 NZ$ | 60 | 103½ | 104⅛ | -0⅛ | +0⅛ | 12.66 |
| Credit Foncier 9 96 Ecu | 100 | 100½ | 101 | -0⅛ | -0⅜ | 8.83 |
| CrLocalFrance 9¼ 92Ecu | 100 | 100⅜ | 101⅛ | -0⅞ | -0⅜ | 8.78 |
| Deut.Bk.Aus. 13⅜ 93 A$ | 125 | 95⅜ | 96⅜ | -0⅜ | -1⅛ | 14.68 |
| Deutsche Bk.Fin. 15 94 A$ | 100 | 100½ | 101 | -0⅛ | +0⅛ | 14.68 |
| E.I.B. 7 96 LFr | 100 | †96½ | 97½ | 0 | -0½ | 7.60 |
| E.I.B. 9 99 Ecu | 150 | 101½ | 102⅛ | -0⅛ | -0⅜ | 8.71 |
| Eurofima 7⅝ 94 Ecu | 100 | 96⅛ | 96⅝ | -0⅛ | -0½ | 8.64 |
| Export Dv.Crp.8¾ 92Ecu | 100 | 99⅜ | 100⅛ | -0⅛ | -1⅛ | 8.71 |
| Fed.Bus.Dv.Bk. 9 94 Ecu | 100 | 99⅞ | 100⅜ | -0⅛ | -0⅝ | 8.95 |
| Fed.Bus.Dv.Bk.9¾ 92 C$ | 75 | †97½ | 98 | 0 | -0⅛ | 10.71 |
| Fed.Bus.Dv.Bk.10½ 93C$ | 50 | †98½ | 99 | 0 | -1 | 10.89 |
| Ferrv. Stato 7¾ 93 Ecu | 100 | 95⅜ | 96⅛ | -0⅛ | -0⅞ | 9.05 |
| Ford Cr.Can.10⅜ 93 C$ | 100 | †98⅞ | 99⅜ | 0 | -0⅜ | 11.03 |
| Ford Cred.Can.10⅞ 96C$ | 125 | 100 | 100⅜ | 0 | -1⅜ | 10.82 |
| Ford Cred.Fund.10⅜ 93£ | 60 | 95⅛ | 95⅝ | 0 | -1 | 12.22 |
| G.M.A.C.Canada 11 3/4 94C$ | 100 | 102⅛ | 102⅞ | 0 | -1 | 10.98 |
| Heineken 7⅝ 94 FL | 150 | 101⅞ | 102⅜ | -0⅛ | -0⅜ | 7.60 |
| Hydro-Quebec 11 99 C$ | 400 | 101½ | 101⅞ | 0 | -1⅝ | 10.69 |
| I.A.D.B. 7¼ 99 FL | 200 | †98⅛ | 98⅝ | +0⅛ | 0 | 7.47 |
| Lloyds Bank 10⅛ 98 £ | 150 | 90⅝ | 91⅛ | 0 | -1⅝ | 12.00 |
| Lloyds Bank 11⅜ 98 £ | 100 | 94⅜ | 94⅞ | +0⅛ | -1⅜ | 12.36 |
| Montreal Tst.10⅛ 93 C$ | 100 | †98½ | 99 | 0 | -0⅜ | 11.14 |
| Nat. Aus. Bk. 14⅛ 94A$ | 100 | 98⅛ | 98½ | -0⅛ | -0⅜ | 15.24 |
| New Zealand 9½ 93 £ | 100 | 91⅝ | 91⅞ | 0 | -1⅛ | 12.49 |
| O.E.K.B. 10⅛ 99 C$ | 150 | 98⅛ | 98½ | -0⅛ | -1⅞ | 10.53 |
| Privatbanken 7½ 94 LFr | 500 | †97⅜ | 98⅜ | 0 | -0⅛ | 7.96 |
| Royal Bk.Scot.10⅝ 98 £ | 125 | 93 | 93½ | +0⅛ | -1⅛ | 11.95 |
| Saskatchewan 9⅞ 91 C$ | 150 | †97⅞ | 98⅜ | 0 | +0⅛ | 11.02 |
| Saskatchewan 10⅛ 93 C$ | 200 | 98⅛ | 98⅞ | 0 | -0⅜ | 10.70 |
| State Bk.NSW. 13⅞ 93A$ | 100 | 95⅛ | 95⅝ | +0⅛ | +0⅛ | 15.41 |
| Sweden 7½ 93 Ecu | 250 | 95⅜ | 96⅛ | -0⅛ | -0⅝ | 8.68 |
| Sweden 15 94 A$ | 100 | 101⅞ | 102 | -0⅜ | +0⅛ | 14.40 |
| Toyota Mtr.Cr.11⅜ 92C$ | 150 | 101 | 101⅜ | 0 | -0½ | 10.81 |
| World Bank 13⅞ 92 A$ | 100 | 97⅝ | 98 | -0⅝ | -0½ | 14.40 |
| World Bank 14¼ 94 A$ | 75 | 98⅞ | 99⅜ | -0⅛ | +0⅛ | 14.48 |
| Zentrspk. 13¼ 93 A$ | 75 | †95 | 95½ | -0⅜ | -0⅜ | 14.91 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn |
|---|---|---|---|---|---|
| Alliance & Leic.Bld 94 £ | .08 | 99.94 | 99.99 | 24/10 | 14.08 |
| Bank of Greece 99 US | 0¼ | 99.60 | 99.70 | 8/03 | 9¼ |
| Belgium 91 US | 0 | 100.05 | 100.15 | 21/02 | 8.81 |
| Chelt.& Gloucester 94 £ | .063 | 99.87 | 99.95 | 30/11 | 14.06 |
| Credit Foncier 98 US | .063 | 99.99 | 100.09 | 20/10 | 10.16 |
| Dresdner Finance 99 DM | .031 | 99.82 | 99.92 | 30/10 | 6.97 |
| EEC 3 92 DM | 0 | 100.08 | 100.18 | 22/02 | 6⅝ |
| Halifax BS 94 £ | .1 | 100.07 | 100.12 | 9/11 | 13.97 |
| Invt. in Industry 94 £ | 0⅛ | 100.00 | 100.10 | 24/11 | 14.06 |
| Leeds Perm. B/S. 94 £ | 0⅛ | 100.12 | 100.17 | 13/10 | 14.06 |
| Milk Mkt. Brd. 5 93 £ | 0⅛ | 99.97 | 100.02 | 29/09 | 14.31 |
| New Zealand 5 97 £ | .07 | 100.04 | 100.14 | 18/11 | 13.19 |
| Northern Rock 92 £ | 0½ | 99.87 | 99.92 | 20/01 | 5⅛ |
| State Bk. Nsw. 98 US | .188 | 100.08 | 100.18 | 11/02 | 8.81 |
| Woolwich Equit. BS. 93 £ | 0⅛ | 100.14 | 100.19 | 13/10 | 14.06 |
| Woolwich 5 95 £ | 0⅛ | 99.98 | 100.03 | 21/11 | 14.06 |

Average price change... On day +0.01 on week -0.06

| CONVERTIBLE BONDS | Cnv. date | Cnv price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Alcoa 6¼ 02 US | 8/87 | 62. | 125⅜ | 126⅛ | +1⅝ | 2.85 |
| Amer. Brands 7¾ 02 US | 9/87 | 56.7 | 129⅜ | 130⅛ | +1⅛ | -1.35 |
| CBS. Inc. 5 02 US | 4/87 | 200. | 104⅜ | 105⅛ | -0⅝ | 2.74 |
| Primerica 5½ 02 US | 4/87 | 66.75 | 72⅛ | 73⅛ | +0⅛ | 73.13 |
| Eng.China Clay 6½ 03 £ | 9/88 | 4.8 | 102⅛ | 103⅛ | -0⅜ | 4.46 |
| Fujitsu 3 99 US | 5/84 | 1106. | 228 | 229 | -6⅛ | -3.59 |
| Ladbroke Grp. 5¼ 04 £ | 6/89 | 7.1 | 107 | 108 | 0 | 127.84 |
| Land Sect. 6¾ 02 £ | 6/87 | 6.72 | 96⅛ | 97⅛ | -0⅛ | 13.72 |
| Minolta Camera 2¼ 94DM | 2/86 | 1004. | 109½ | 111⅛ | -0½ | 5.63 |
| MCA INC 5¼ 02 US | 9/87 | 69.62 | 104⅞ | 105⅛ | +1⅛ | 9.37 |
| Mitsubishi Bk. 3½ 04US | 5/89 | 3266. | 94⅞ | 95⅛ | +0⅛ | 2.47 |
| Next Plc 5⅜ 03 £ | 11/87 | 4.3 | 100⅛ | 101⅛ | -0⅛ | 245.11 |
| Nishi Nipp.Bk.2⅞ 03 US | 4/88 | 804. | 129½ | 130½ | -0⅛ | 2.47 |
| Omnicom Inc. 6 1/2% 04 US | 10/89 | 28. | 102⅛ | 103⅛ | -0⅛ | 19.73 |
| Onoda Tsteel 2⅞ 02 US | 4/87 | 1310. | 300⅛ | 301⅛ | +4⅛ | 0.89 |
| Boots Hotels 4⅛ 03 £ | 1/88 | 3.5 | 128⅛ | 129⅛ | +0⅛ | -2.35 |
| Redland 7¾ 02 £ | 1/87 | 5.4 | 104⅛ | 105½ | -0⅛ | 3.28 |
| Saatchi&Sstchi 6¾ 03 £ | †10/89 | 4.41 | 92⅛ | 93⅛ | -0⅛ | 38.00 |
| Silicon Graphics 8 04 US | 6/89 | 23.18 | 112 | 113 | +3⅝ | 8.66 |
| Sumitomo Bank 3¼ 04 US | 2/89 | 4296. | 84⅛ | 85⅛ | -0⅛ | 13.57 |
| Texas Inst. 2¾ 02 US | 9/87 | 82.87 | 76 | 77 | -0⅛ | 65.19 |
| Utd.Newspapers 8 04 £ | 10/89 | 8.77 | 111⅛ | 112⅛ | 0 | 95.00 |
| W.R. Grace 6¼ 02 US | 9/87 | 42.12 | 98⅞ | 99⅞ | +0⅜ | 15.72 |

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed recurrency of share at conversion rate fixed at issue. Prem = Percentage premium of the currentaffective price of acquiring shares via the bond over the most recent price of the shares.

## INTERNATIONAL CAPITAL MARKETS

# Malaysia in $200m Euro-debut

By Andrew Freeman

NEW ISSUE ACTIVITY expanded on Eurobond markets yesterday, with a debut fixed-rate dollar deal for Malaysia attracting most attention from syndicate officials. Underlying market conditions continued to be discouraging.

The $200m seven-year deal was launched by Goldman Sachs with a 9⅛ per cent coupon and was priced at 101⅞ to yield some 103 basis points over the equivalent US Treasury.

Goldman reported strong demand for the paper, and was quoting the bonds at 99.85 bid, a discount of 1¾ points to the issue price. In late trading there were bids away from Goldman at 99.70.

Proceeds were unswapped. Traders said the deal was sold very quickly, with Far Eastern investors dominating orders.

There was comment that the pricing did not leave enough room for asset swapping.

Levels of roughly 15 basis points over Libor were not enough to attract asset swaps for what is still perceived as a maturing credit. Other houses are thought to have bid for the mandate at levels which would have allowed asset swaps at around 25 basis points over Libor.

Bankers Trust launched a $100m five-year deal for GMBS International No.3, a special-purpose vehicle backed by a pool of mortgages originated by the Town & Country Building Society in Western Australia. The bonds carry the guarantee of Financial Security Assurance.

The launch spread over Treasuries was 85 basis points, large enough to attract demand mainly from Japan, Switzerland and the UK.

The bonds were trading around fees at less 1.85 bid. Proceeds were swapped into floating-US dollars and then on into Australian dollars.

Two three-year Ecu deals were issued, driven by a wide opening of the swap window over recent days.

CSFB brought an Ecu100m deal for Du Pont, while in the afternoon BNP Capital Markets issued an Ecu100m deal for its parent bank. Both the deals were trading on fees at less 1⅛ bid.

Traders said demand for the paper was slow, as the deals were competing with existing unplaced bonds in what has become a very soggy market.

While the pricing on the deals was described as aggressive, retail demand should eventually soak up the paper.

Neither lead manager would comment on swap activity, but it is understood the proceeds were swapped into US dollars.

### INTERNATIONAL BONDS

#### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| US DOLLARS | | | | | | |
| Riedel Env.Tech.§♦** | 20 | 7 | 100 | 1999 | n/a | Tucker Anthony Inc. |
| GMBS Int. No.3♦ | 100 | 9¼ | 101½ | 1994 | 1¼/⅞ | Bankers Trust Int. |
| Malaysia♦ | 200 | 9⅛ | 101⅞ | 1996 | 1⅞/⅞ | G.Sachs Int. |
| Shinagawa Fuel♦ | 100 | (4⅛) | 100 | 1993 | 1⅞/¼ | Yamaichi Int (Europe) |
| Hyundai Motor (America)†♦ | 40 | (b) | 100 | 1996 | 45bp | Man. Hanover. (Asia) |
| Issue update: | | | | | | |
| Joban Kosan Co.♦♦(a) | 100 | 3⅛ | 100 | 1993 | 1⅞/¼ | Nikko Secs. |
| YEN | | | | | | |
| Postipankki♦ | 2.2bn | 6¼ | 101⅛ | 1991 | ⅝/⅞ | Nippon Credit Int. |
| D-MARKS | | | | | | |
| Shinagawa Fuel♦ | 40 | (1⅞) | 100 | 1994 | ⅞ | Dresdner Bank |
| Kurosaki Refractories♦ | 100 | (1⅞) | 100 | 1994 | 1⅞/¾ | Deutsche Bank |
| ECUs | | | | | | |
| Du Pont (E) de Nemours♦ | 100 | 9 | 101⅛ | 1992 | ⅞/⅞ | CSFB |
| Banque Nat. de Paris♦ | 100 | 9⅛ | 101.20 | 1992 | ⅞/⅞ | BNP Cap. Mkts. |

♦With equity warrants. ♦Final terms. §Convertible. ** Private placement. †Floating rate note. a)Coupon cut by ⅛. b)⅛% over 6 month Libor.

# NatWest offers cash to owners of $500m FRNs

By Andrew Freeman

NATIONAL Westminster Bank has launched a cash offer to all holders of $500m worth of perpetual floating-rate notes (FRNs) issued in 1984 by its financing subsidiary. The purpose of the offer is to replace the FRNs, which qualify as lower Tier II capital under Bank of England rules, with a perpetual variable-rate note (VRN) issue.

VRNs carry terms which meet the Bank's requirements for upper Tier II capital. They will be the first sterling-denominated VRNs.

Merrill Lynch International is the arranger of the offer, which is open until 6 November. The deal is conditional upon acceptances being received for at least $100m of FRNs. NatWest will then issue VRNs equal to or exceeding the amount of FRNs offered for acceptance by investors.

The price for the FRNs is 98⅛ per cent of their principal amount, well above the notes recent market level of around 94 points. While the offer is thus clearly attractive to noteholders, some of them have used their holdings for long-term swaps and may have difficulty undoing their positions.

The expected terms on the new VRNs have been indicated. The notes will have an initial margin over three-month sterling Libor of around ⅝ point, with alternative margins of 75 basis points for the first 15 years and 125 basis points thereafter.

# US futures exchanges fight SEC rules before Congress

By Katharine Campbell

OFFICIALS from American futures exchanges were once again in Washington DC yesterday defending before Congress the operation of their markets and attempting to fend off what they see as the incursions of a second federal regulator into their corner.

They fear that legislation requested by the Securities & Exchange Commission that is currently before the House subcommittee on telecommunications and finance could adversely affect their business, even though the bill is primarily directed towards the securities arena.

In spite of significant reforms intitiated by the exchanges themselves in the wake of the 1987 market crash, the SEC is still concerned to reduce the scope for manipulation in arbitraging between futures and equity markets.

One proposal the Chicago Mercantile Exchange contests, for instance, is that large stock index futures traders should report their positions to the SEC, in addition to their current obligation to file with the Commodity Futures Trading Commission, the futures watchdog with specific oversight for stock index futures.

Another controversial provision is that futures market participants associated with SEC-registered brokers should file financial reports with the SEC – again a duplication of their efforts, they argue.

The legislation also encourages the formation of a unified clearing system between futures, options and equities markets, an avenue the exchanges are keen to explore in their own, rather than congress's, time.

The potential jurisdictional overlap between the SEC and the CFTC has become increasingly awkward as cash and futures markets arbitrage techniques grow more complicated.

A recent court decision that equity basket products that had been trading in New York and Philadelphia under SEC fiat were in fact futures contracts resulted in the suspension of the new instruments, except for liquidation purposes only.

# Banks ahead of Basle schedule

By David Lascelles, Banking Editor

THE GREAT majority of the world's leading banks have managed to meet the first stage of the new international capital requirements ahead of schedule, according to a global banking report by Merrill Lynch.

The survey of 55 banks released yesterday showed that most of them had "Tier 1" capital above the 4 per cent minimum, but many of them were still below the Tier 2 requirement of 8 per cent. This, however, is not due to be fully implemented until 1992.

Tier 1 consists mainly of equity, Tier 2 includes other forms of capital such as debt, and the ratio is calculated according to the "Basle" formula of risk weightings.

#### BANKS RANKED BY CAPITAL STRENGTH

| Total capital to risk assets based on Basle ratio(%) | |
|---|---|
| O'seas-Chinese | 27.1 |
| Dev Singapore | 17.6 |
| United O'seas | 15.9 |
| TSB | 14.0 |
| JP Morgan | 13.3 |
| Royal Scotland | 11.4 |
| Banco Popular | 11.0 |
| Banco Santander | 10.8 |
| Bilbao Vizcaya | 10.4 |
| Bank of Ireland | 10.4 |

Merrill says the French banks are notable laggards, but Canadian and some US banks also fall below the required levels.

The banks' greater strength means that over a third of those in the survey could now write off their Third World loans without needing new capital. A further 15 would lose less than 10 per cent of their equity, but 14 would lose over half. These include two Canadian, four French, three British and five US banks.

The survey says that banks' greater openness makes it possible to form better judgments about their hidden reserves. The Merrill analysts say that Japanese banks have "virtually limitless" hidden reserves created by conservative valuations of property and securities. Among European banks, the premium rating of Deutsche Bank is due to its extensive holdings of industrial equities.

# US Treasuries slow in lacklustre trading

By Karen Zagor in New York and Rachel Johnson in London

THE DEBT market was essentially flat yesterday with US Treasury bonds moving in a narrow range in lacklustre trading.

In late trading, the Treasury's benchmark 30-year bond was down ⅛ point at 98 ⅝, yielding 8.25 per cent. At the short end of the yield curve, the three year issue was down ⅛ point at 98⅞, yielding 8.43 per cent.

The dollar remained resilient in the face of concerted central bank selling for a fourth consecutive day.

In afternoon trading the dollar was quoted at Y140.55 and DM1.8815, marginally above its levels late Wednesday in New York of Y40.32 and DM1.8805.

The market expects the West German Bundesbank to hike some of its key rates when it meets next Thursday. However, the reasons for the increase are thought to be domestic.

Fed funds closed at 9 per cent. When the funds were changing hands at 9⅛ per cent, the Federal Reserve arranged $1.5bn customer repurchase agreements.

Today's release of the August leading indicators index is not expected to move the debt market, unless it is wildly out of line with the expected increase of 0.3 per cent.

Wall Street is now waiting for Monday's purchasing managers' survey.

■THE UK government bond market was troubled by sterling's performance on the foreign exchanges.

Although most of the market was confident that the Chancellor would avoid any tinkering with base rates ahead of next month's Conservative Party conference, gilts came in for short selling.

■PRICES in the German government bond market opened slightly firmer after Wednesday's slide, with bonds at the longer end fixed ten to 15 pfennigs higher.

A fillip was created by dealers covering short positions, but, generally, the market remained subdued.

### GOVERNMENT BONDS

#### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 13.500 | 9/92 | 104-14 | -5/32 | 11.69 | 11.34 | 10.76 |
| | | 8.750 | 1/98 | 95-02 | -4/32 | 10.65 | 10.58 | 10.09 |
| | | 9.000 | 10/08 | 94-18 | -2/32 | 9.63 | 9.48 | 9.24 |
| US TREASURY * | | 8.000 | 8/99 | 97-29 | +0/32 | 8.31 | 8.15 | 8.28 |
| | | 8.125 | 8/19 | 98-17 | +0/32 | 8.26 | 8.14 | 8.20 |
| JAPAN | No 111 | 4.600 | 6/98 | 98.2822 | -0.318 | 5.22 | 5.33 | 5.08 |
| | No 2 | 5.700 | 3/07 | 105.5452 | -0.490 | 5.10 | 5.15 | 5.07 |
| GERMANY | | 6.750 | 6/99 | 98.2500 | +0.050 | 7.00 | 6.87 | 6.81 |
| FRANCE | BTAN | 8.000 | 7/94 | 98.1114 | +0.093 | 9.02 | 8.89 | 8.87 |
| | OAT | 8.125 | 5/99 | 98.1100 | -0.040 | 8.72 | 8.57 | 8.45 |
| CANADA * | | 9.500 | 10/98 | 98.1600 | +0.050 | 9.62 | 9.55 | 9.53 |
| NETHERLANDS | | 7.250 | 7/99 | 99.3000 | -0.150 | 7.35 | 7.20 | 7.15 |
| AUSTRALIA | | 12.000 | 7/99 | 91.4779 | -0.764 | 13.59 | 13.45 | 12.94 |

London closing, *denotes New York closing session
Yields: Local market standard  Prices: US, UK in 32nds., others in decimal

*Technical Data/ATLAS Price Sources*

# Mees & Hope in joint venture

BANK MEES & HOPE, the Dutch merchant bank, is establishing a joint venture in the Channel Islands with the Jersey-based Ermitage fund management company.

The new company Ermitage Mees & Hope will provide services to private clients including international investment management, trust services, fund administration and insurance services. Earlier this year Bank Mees & Hope bought the business of Shaw & Co., the UK private-client stockbroker.

# India sets Rs150m bank start-up figure

By R.C. Murthy in Bombay

BARCLAYS BANK, Sanwa Bank and Bank of Foreign Affairs of USSR, all of which are shortly to open branches in India, will each need a start-up capital of Rs150m ($9m).

This is the first time the Reserve Bank of India has stipulated minimum capital requirements for foreign banks opening branches in India.

At present 21 foreign banks with 137 branches accept deposits and make loans locally, and another 18 foreign banks have branch offices.

Three further foreign banks – BHF Bank of West Germany, Banca Commerciale Italiana and National Bank of Australia – are to open representative offices soon.

The Rs150m capital stipulation will not apply to existing foreign banks, which are asked to fulfil two other conditions. They can remit only 80 per cent of their profits and must use the balance to build local reserves.

The Reserve Bank also wants foreign banks to lend more to small Indian businesses, a stipulation which brings foreign banks more into line with domestic banks.

## LONDON MARKET STATISTICS

### FT-ACTUARIES SHARE INDICES

**These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries**

| | EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section | Thursday September 28 1989: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | xd adj. 1989 to date | Wed Sep 27: Index No. | Tue Sep 26: Index No. | Mon Sep 25: Index No. | Year ago (approx): Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (208) | 957.73 | -1.4 | 11.47 | 4.36 | 10.68 | 24.39 | 971.03 | 973.24 | 986.14 | 791.40 |
| 2 | Building Materials (29) | 1151.39 | -1.2 | 13.24 | 4.75 | 9.45 | 29.34 | 1164.92 | 1173.23 | 1192.03 | 983.91 |
| 3 | Contracting, Construction (37) | 1563.26 | -0.7 | 15.54 | 4.83 | 8.40 | 41.25 | 1574.60 | 1580.36 | 1594.98 | 1559.96 |
| 4 | Electricals (9) | 2817.12 | -2.4 | 8.93 | 4.23 | 13.95 | 55.83 | 2886.75 | 2866.51 | 2895.67 | 2193.78 |
| 5 | Electronics (30) | 2107.98 | -1.4 | 9.28 | 3.48 | 14.03 | 48.92 | 2138.58 | 2132.56 | 2169.39 | 1705.63 |
| 6 | Mechanical Engineering (56) | 523.01 | -1.2 | 10.64 | 4.31 | 11.47 | 12.43 | 529.34 | 531.16 | 537.32 | 413.69 |
| 8 | Metals and Metal Forming (6) | 498.28 | -2.2 | 20.63 | 6.01 | 5.34 | 15.15 | 509.46 | 511.73 | 514.05 | 498.58 |
| 9 | Motors (18) | 370.63 | -0.9 | 9.99 | 4.24 | 11.73 | 9.64 | 374.06 | 373.28 | 377.65 | 281.17 |
| 10 | Other Industrial Materials (23) | 1733.90 | -1.7 | 9.49 | 4.32 | 12.43 | 50.40 | 1764.68 | 1772.70 | 1797.52 | 1342.06 |
| 21 | CONSUMER GROUP (184) | 1319.54 | -1.6 | 8.34 | 3.32 | 15.06 | 23.49 | 1341.66 | 1347.54 | 1360.29 | 1063.88 |
| 22 | Brewers and Distillers (22) | 1469.48 | -0.9 | 9.04 | 3.33 | 13.84 | 25.65 | 1482.34 | 1481.17 | 1498.27 | 1141.44 |
| 25 | Food Manufacturing (20) | 1158.59 | -1.2 | 8.83 | 3.69 | 14.29 | 23.38 | 1172.59 | 1179.98 | 1187.84 | 962.85 |
| 26 | Food Retailing (14) | 2506.62 | -2.8 | 8.12 | 2.79 | 16.28 | 38.73 | 2578.27 | 2619.84 | 2637.24 | 1834.06 |
| 27 | Health and Household (14) | 2490.98 | -2.4 | 6.20 | 1.91 | 19.00 | 22.32 | 2551.49 | 2555.34 | 2585.37 | 1882.48 |
| 29 | Leisure (34) | 1737.24 | -1.9 | 7.48 | 3.25 | 16.51 | 32.46 | 1771.28 | 1781.64 | 1798.37 | 1364.81 |
| 31 | Packaging & Paper (15) | 595.69 | -0.7 | 10.47 | 4.37 | 11.87 | 15.78 | 600.16 | 604.74 | 608.85 | 536.85 |
| 32 | Publishing & Printing (19) | 3732.54 | -1.3 | 8.52 | 4.51 | 15.10 | 98.58 | 3781.25 | 3794.28 | 3830.46 | 3358.93 |
| 34 | Stores (32) | 841.50 | -1.5 | 10.24 | 4.38 | 12.75 | 18.54 | 854.05 | 856.55 | 864.84 | 746.44 |
| 35 | Textiles (14) | 569.11 | -0.3 | 9.97 | 5.14 | 12.11 | 15.40 | 570.93 | 574.11 | 577.98 | 584.39 |
| 40 | OTHER GROUPS (93) | 1179.62 | -1.2 | 9.97 | 4.12 | 12.16 | 25.42 | 1193.43 | 1195.55 | 1210.87 | 899.60 |
| 41 | Agencies (17) | 1556.89 | -0.6 | 6.86 | 2.31 | 18.00 | 23.12 | 1566.88 | 1556.86 | 1564.79 | 1061.62 |
| 42 | Chemicals (22) | 1272.65 | -1.0 | 11.69 | 4.91 | 10.88 | 41.28 | 1285.27 | 1302.14 | 1324.76 | 1057.29 |
| 43 | Conglomerates (13) | 1656.98 | -1.4 | 10.32 | 4.93 | 11.40 | 28.94 | 1680.87 | 1688.95 | 1706.76 | 1231.56 |
| 45 | Transport (13) | 2370.57 | -0.8 | 9.41 | 3.94 | 13.58 | 44.09 | 2389.49 | 2393.27 | 2424.23 | 1923.50 |
| 47 | Telephone Networks (2) | 1151.48 | -0.9 | 10.63 | 4.31 | 12.27 | 22.38 | 1161.41 | 1169.76 | 1195.84 | 973.34 |
| 48 | Miscellaneous (26) | 1935.62 | -1.8 | 8.99 | 3.35 | 12.56 | 44.32 | 1971.70 | 1945.87 | 1946.10 | 1210.49 |
| 49 | INDUSTRIAL GROUP (485) | 1203.16 | -1.4 | 9.62 | 3.82 | 12.82 | 25.13 | 1220.68 | 1224.45 | 1238.18 | 961.48 |
| 51 | Oil & Gas (15) | 2157.52 | -2.0 | 10.84 | 5.60 | 13.16 | 86.44 | 2202.18 | 2205.56 | 2216.14 | 1775.25 |
| 59 | 500 SHARE INDEX (500) | 1284.24 | -1.5 | 9.67 | 4.06 | 12.86 | 30.10 | 1303.98 | 1307.74 | 1321.30 | 1030.56 |
| 61 | FINANCIAL GROUP (121) | 798.45 | -1.2 | – | 5.22 | – | 26.38 | 807.84 | 807.30 | 811.34 | 690.79 |
| 62 | Banks (9) | 808.57 | -2.8 | 21.33 | 6.18 | 6.16 | 34.80 | 825.32 | 826.43 | 834.25 | 680.58 |
| 65 | Insurance (Life) (8) | 1200.70 | -0.8 | – | 5.27 | – | 45.37 | 1210.16 | 1207.78 | 1207.60 | 1004.16 |
| 66 | Insurance (Composite) (7) | 660.52 | ....... | – | 5.72 | – | 24.09 | 660.61 | 658.78 | 656.81 | 538.30 |
| 67 | Insurance (Brokers) (7) | 996.53 | +1.4 | 7.54 | 6.31 | 17.66 | 44.55 | 982.56 | 981.46 | 983.14 | 946.23 |
| 68 | Merchant Banks (10) | 393.58 | -1.0 | – | 4.16 | – | 9.45 | 397.74 | 396.93 | 402.94 | 336.05 |
| 69 | Property (49) | 1323.84 | -1.2 | 6.66 | 3.06 | 19.14 | 19.81 | 1340.18 | 1336.93 | 1342.96 | 1193.68 |
| 70 | Other Financial (31) | 361.60 | -0.9 | 11.84 | 6.09 | 11.65 | 10.74 | 364.78 | 365.76 | 367.60 | 361.64 |
| 71 | Investment Trusts (69) | 1255.49 | -0.2 | – | 2.70 | – | 19.44 | 1257.78 | 1262.55 | 1268.95 | 912.10 |
| 81 | Mining Finance (1) | 690.32 | -3.2 | 11.03 | 3.90 | 10.19 | 22.25 | 713.41 | 722.39 | 727.53 | 596.48 |
| 91 | Overseas Traders (8) | 1402.41 | -1.4 | 9.75 | 5.57 | 11.76 | 43.67 | 1422.87 | 1427.78 | 1457.45 | 1328.12 |
| 99 | ALL-SHARE INDEX (699) | 1166.47 | -1.4 | – | 4.20 | – | 28.93 | 1183.48 | 1186.44 | 1197.67 | 946.56 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Sep 27 | Sep 26 | Sep 25 | Sep 22 | Sep 21 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX♦ | 2291.7 | -39.5 | 2323.1 | 2291.7 | 2331.2 | 2336.1 | 2359.6 | 2370.2 | 2380.9 | 1829.0 |

### FIXED INTEREST

| | PRICE INDICES | Thu Sep 28 | Day's change % | Wed Sep 27 | xd adj. today | xd adj. 1989 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | Up to 5 years | 116.19 | +0.02 | 116.17 | – | 9.42 |
| 2 | 5-15 years | 130.61 | -0.11 | 130.75 | – | 9.84 |
| 3 | Over 15 years | 139.89 | -0.05 | 139.96 | – | 11.64 |
| 4 | Irredeemables | 162.94 | -0.14 | 163.17 | – | 8.83 |
| 5 | All stocks | 128.42 | -0.06 | 128.50 | – | 10.03 |
| | Index-Linked | | | | | |
| 6 | Up to 5 years | 139.09 | -0.25 | 139.44 | – | 2.26 |
| 7 | Over 5 years | 137.20 | -0.07 | 137.30 | – | 2.89 |
| 8 | All stocks | 137.23 | -0.08 | 137.34 | – | 2.82 |
| 9 | Debentures & Loans | 110.55 | -1.18 | 111.87 | – | 7.40 |
| 10 | Preference | 88.60 | +0.02 | 88.59 | – | 4.24 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thu Sep 28 | Wed Sep 27 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 10.16 | 10.11 | 9.73 |
| 2 | Coupons | 15 years | 9.59 | 9.56 | 9.41 |
| 3 | | 25 years | 9.45 | 9.43 | 9.11 |
| 4 | Medium | 5 years | 11.11 | 11.10 | 10.13 |
| 5 | Coupons | 15 years | 9.99 | 9.97 | 9.63 |
| 6 | | 25 years | 9.57 | 9.56 | 9.27 |
| 7 | High | 5 years | 11.23 | 11.20 | 10.23 |
| 8 | Coupons | 15 years | 10.19 | 10.17 | 9.79 |
| 9 | | 25 years | 9.72 | 9.70 | 9.33 |
| 10 | Irredeemables | † | 9.49 | 9.47 | 9.08 |
| | Index-Linked | | | | |
| 11 | Inflation rate 5% | 5yrs. | 3.43 | 3.34 | 3.37 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.61 | 3.60 | 3.90 |
| 13 | Inflation rate 10% | 5 yrs. | 2.60 | 2.51 | 2.26 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.44 | 3.43 | 3.73 |
| 15 | Debs & | 5 years | 13.24 | 13.18 | 11.74 |
| 16 | Loans | 15 years | 12.19 | 12.03 | 11.36 |
| 17 | | 25 years | 11.63 | 11.47 | 11.05 |
| 18 | Preference | † | 10.43 | 10.43 | 10.26 |

♦Opening index 2318.0; 10 am 2319.9; 11 am 2323.0; Noon 2322.1; 1 pm 2316.2; 2 pm 2316.0; 3 pm 2312.7; 3.30 pm 2308.8; 4 pm 2304.4 (a) 11.02am (b) 5.00pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. NAME CHANGE: Empire Stores (Bradford) (34) has become Empire Stores Group.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 11 | 83 | 11 |
| Corporations, Dominion and Foreign Bonds | 1 | 10 | 31 |
| Industrials | 164 | 724 | 706 |
| Financial and Properties | 112 | 227 | 328 |
| Oils | 23 | 39 | 30 |
| Plantations | 2 | 2 | 7 |
| Mines | 43 | 36 | 95 |
| Others | 91 | 57 | 105 |
| Totals | 447 | 1,178 | 1,313 |

### LONDON RECENT ISSUES

#### EQUITIES

| Issue Price | Amount Paid up | Latest Renun. date | 1989 High | 1989 Low | Stock | Closing Price | + or - | Net Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 57 | F.P. | - | 66½ | 57½ | Babcock Intl. Group 10p | 57½ | -1 | u3.0 | 1.7 | 7.0 | 9.9 |
| 120 | F.P. | - | 133 | 123 | Birse Group 10p | 131 | | L4.25 | 2.3 | 4.3 | 10.1 |
| † | F.P. | - | 32 | 31 | *Blackland Oil 10p | 32 | | - | - | - | - |
| [illegible] | | | | | | | | | | | |

#### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renun. Date | 1989 High | 1989 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

#### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renun. Date | 1989 High | 1989 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| 33 | Nil | - | 27pm | 21pm | Tuskar Resources | 24½pm | -1 |
| 330 | Nil | - | 41pm | 37pm | Wace Group 20p | 37pm | -1 |
| 115 | Nil | 30/9 | 34pm | 24pm | Wheway | 31pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on Prospectus or other offical estimates for 1989. K Dividend and yield based on prospectus or other offical estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ▼ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". r Introduction. ‡ Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. § Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

### TRADITIONAL OPTIONS

- First Dealings Sep 25
- Last Dealings Oct 6
- Last Declarations Dec 21
- For settlement Jan 8

*For rate indications see end of London Share Service*

Calls in Explaura, Bestwood, Atlantic Res, Tuskar, Rockware, Highland Dist, Kelsen, Wilton Group, Eurotunnel Wrnts, West Inds, Whitbread "A".

### LONDON TRADED OPTIONS

THE OPTIONS market was turbulent yesterday ahead of this morning's expiry of the FT-SE 100 contract.

The total options turnover was a heavy 52,003 contracts, compared with 59,636 on Wednesday, and a recent daily average of around 30,000. Total volume was divided between 25,636 calls and 26,367 puts

The FT-SE 100 index commanded the most attention, trading 27,211, its second busiest day ever. Of these, 10,290 were calls and 16,921 were puts. The most actively traded series was the December 2,250 put, which turned over 2,070 contracts. One market maker was said to have traded over 11,000 FT-SE 100 contracts. Dealers said it appeared to be a technical trade, with the business evenly split between puts and calls. The size of the trade prompted speculation that the market maker was preparing to pull out of stock and options trading today. Large losses on the stock market yesterday also encouraged talk of withdrawals from equity market making.

The busiest individual option was STC, the computer and electronics firm. Traders linked the activity to worries about the firm's future profitability after the computer giant, IBM, warned recently about its own profitability. Furthermore, STC was downgraded by brokers Cazenove last week, which heightened concern about its share price.

STC traded 5,218 contracts, nearly double the equivalent turnover by the underlying security on the stock market. The total included 2,850 calls and 2,368 puts. January 360 calls were the most actively traded series, turning over 1,050 contracts.

Elsewhere, Blue Circle featured, trading 2,085 contracts, comprising 1,371 calls and 714 puts. The most actively traded contract was the December 300 call, which turned over 512. Asda remained a favourite, though takeover speculation has waned, as the purchase of 61 superstores from Gateway draws near. It traded 1,743 contracts today, 1,508 calls and 235 puts. The most actively traded series was the November 180 call, which traded 965 lots.

| Option | | Calls Oct | Calls Jan | Calls Apr | Puts Oct | Puts Jan | Puts Apr |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*517) | 500 | 30 | 48 | 66 | 6½ | 18 | 24 |
| | 550 | 6 | 24 | 42 | 34 | 42 | 46 |
| Brit. Airways (*207) | 180 | 29 | 33 | 40 | ¼ | 2 | 4 |
| | 200 | 11 | 18 | 25 | 3 | 8 | 10 |
| | 220 | 3 | 8 | 16 | 15 | 21 | 21 |
| Brit. Gas (*147) | 140 | 13 | 19 | 26 | 4 | 10 | 12 |
| | 160 | 4 | 9 | 15 | 21 | 23 | 24 |
| | 180 | 2 | 6 | 11 | 40 | 42 | 40 |
| Smithk Bchm (*549) | 541 | 23 | 45 | – | 9 | 17 | – |
| | 550 | – | – | 57 | – | – | 28 |
| [illegible] | | | | | | | |

| Option | | Calls Oct | Calls Jan | Calls Apr | Puts Oct | Puts Jan | Puts Apr |
|---|---|---|---|---|---|---|---|
| Storehouse (*141) | 130 | 15 | 21 | 24 | 1½ | 3½ | 5 |
| | 140 | 8 | 13 | 18 | 3½ | 8 | 10 |
| | 160 | 1½ | 6 | 10 | 20 | 21 | 22 |
| Trafalgar (*384) | 360 | – | – | 50 | – | – | 14 |
| | 377 | 17 | 28 | – | 7½ | 18 | – |
| | 390 | – | – | 34 | – | – | 29 |
| Utd.Biscuits (*381) | 360 | 30 | 48 | 58 | 4 | 11 | 14 |
| | 390 | 10 | 30 | 40 | 14 | 24 | 28 |
| | 420 | 4 | 16 | 26 | 43 | 44 | 46 |
| [illegible] | | | | | | | |

| Option | | Calls Nov | Calls Feb | Calls May | Puts Nov | Puts Feb | Puts May |
|---|---|---|---|---|---|---|---|
| Tesco (*200) | 200 | 10 | 18 | 22 | 7 | 11 | 12 |
| | 220 | 4 | 9 | 13 | 22 | 23 | 23 |
| Option | | Nov | Jan | May | Nov | Jan | May |
| Abbey Nat. (*151) | 140 | 16 | 20 | 23 | 2 | 2 | 3½ |
| | 160 | 6 | 9 | 12 | 10 | 11 | 12 |
| Option | | Nov | Jan | Apr | Nov | Jan | Apr |
| ASDA Grp. (*182) | 180 | 14 | 24 | 30 | 9 | 14 | 17 |
| | 200 | 7 | 14 | 21 | 20 | 25 | 27 |
| Option | | Nov | | | Nov | | |
| Gateway | 220 | – | – | – | 1 | – | – |
| [illegible] | | | | | | | |

[illegible]

## UK COMPANY NEWS

### Strong increase reflects continuing strength in advertising receipts

# TV-am rises 24% despite subscription costs

By John Ridding

TV-AM, the ITV franchise holder for breakfast television, raised profits by 24 per cent to £9.73m for the six months to July 31, despite suffering net costs of about £1m arising from the Channel 4 breakfast programme.

TV-am sells the advertising for the Channel 4 Daily, but the £1.54m which this added to revenues was more than offset by the £3.64m Channel 4 subscription incurred as a result of the new programme.

The strong overall increase in profits reflected the continued strength of advertising receipts which comprised all of the £36.09m (£28.83m) turnover.

TV-am's share of total ITV revenues rose from an average of 3.9 per cent for the last financial year to just under 4.5 per cent during the interim period.

Mr Ian Irvine, chairman, said that the group was now focusing its efforts on winning the breakfast TV franchise from the beginning of 1993.

"We are confident of success, particularly now that we have resolved our relationship with the Labour party by the settlement of the dispute with the ACTT [Association of Cinematograph, Television and Allied Technicians]," the chairman said.

According to Mr Irvine, the Channel 4 Daily only receives significant audiences for its children's programmes on Sunday and its weekday cartoons. Its failure so far to win large audiences is reflected in the fact that a minute of advertising costs an average of £400 compared with £14,000 on TV-am.

Mr Anthony Vickers, sales director, said that unlike a number of other ITV contractors TV-am was continuing to see a healthy increase in advertising revenues.

Earnings per share during the period increased from 7.6p to 9.5p and the interim dividend has been raised from 1.5p to 2p.

● COMMENT

TV-am is creating its own biggest problem in retaining the morning ITV franchise. Operating margins of 45 per cent and strong cash flows which have resulted in net holdings of £36m are bound to prompt hot competition for the new licence. Performance between now and the submission of tenders in 1991-92 should also be tempting. Unlike all of its contractor colleagues, TV-am will benefit from next year's change in the levy system, and should see savings in the region of about £2m. The fact that it is the only national franchise and has a relatively targeted audience also provides some protection against slowing advertising spend. Channel 4 remains the problem, but is deducting no more than was expected and profits this year should still reach £23.5m. The prospective multiple of 9.2 is at the bottom end of the sector, which might seem strange in the light of trading prospects. But the attraction of the franchise and the lack of programme libraries and studios makes TV-am a riskier bet than most.

# Increased advertising revenue buoys Central TV

By John Ridding

AN INCREASED share of network advertising and a higher than usual dividend from Independent Television Publications helped lift pre-tax profits at Central Independent Television, the IBA contractor for the Midlands, 24 per cent to £11.3m for the six months to June 30.

But Central warned that growth in advertising revenue was slowing as a result of higher interest rates and said that September, like July and August, would show a fall in real terms.

It also expects to incur exceptional costs of over £2.2m for the full year as a result of continuing rationalisation which has seen stafflevels fall from 2,007 at the beginning of last year to 1,818 at present. The target is 1,700.

Turnover, which was distorted by a change in accounting procedures for network programme sales, increased from £113.88m to £152.59m. But the improvement also reflected a rise in Central's share of total ITV advertising revenues from 13.3 per cent to 13.4 per cent.

Mr Leslie Hill, managing director, described this as "a considerable achievement given the trend of advertising drift to the south and south-east." Turnover also benefited from an increase in overseas sales from £2m to £10m, reflecting the broadcast of delayed programmes.

The shift in geographical pattern of sales was a factor in the reduction of the exchequer levy payments, from £4.6m to £3.8m.

Mr Hill said that Central was concentrating on organic growth. This involves investment in a number of separate profit centres including its Television Sales and Marketing Services, which was set up jointly with Anglia Television and which starts operating in the next few days, and its TV facilities operation which yesterday won a £2.2m contract to make a space-based soap opera for BSB, the satellite channel.

The establishment of several new profit centres is aimed at adding new revenue sources and reducing costs. Along with other rationalisation measures, this is intended to offset the impact of the extra £10m-£12m which will be added to the exchequer levy under the new system which will be introduced next year.

Earnings per share increased from 22.1p to 26.8p and the interim dividend is raised from 6p to 7.5p.

● COMMENT

Central's little acorns will take time to grow into oaks. Only four of the ten new profit centres are currently making profits and these add relatively little to the bottom line. But projects like this are probably the best thing for an ITV contractor to do with the funds thrown up by their lucrative franchises. It stops them buying overpriced foreign production companies and should provide a degree of protection against the spectre of franchise loss. But the problem for Central, like all of the ITV contractors, is that there are important external factors over which it has little control. In particular, it will be the company worst hit by the new levy and will suffer from the slowdown in advertising growth. The latter means that pre-tax profits will be held to about £28.5m in the current year, placing the shares on a multiple of just under 12. This is at the top end of the sector, but Central remains one of the quality TV stocks.

## Exceptional costs increase AmBrit loss

AmBrit International, the USM-quoted oil and gas explorer, increased pre-tax losses from £388,000 to £875,000 in the first half of 1989.

Revenues from oil and gas activities came out lower at £1.17m (£1.42m). There were exceptional costs of £549,000 (nil), which left operating losses at £700,000 (£261,000 profits).

There was an extraordinary debit of £250,000 (nil). Losses per share doubled to 3p.

## Dagenham advance braked by margins

Dagenham Motors, the Essex-based Ford main dealer, lifted taxable profits from £1.85m to £1.95m in the first half of 1989. Turnover rose 39 per cent to £62.81m. At the trading level there was a 15 per cent gain to £2.56m (£2.22m).

An unchanged interim dividend of 1.5p is payable from earnings of 7.9p (8.8p). A revaluation of freehold properties threw up a surplus of £5.9m over book value. Net assets at the period end stood at £16m.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims- Atlantic Securities Trust, BLP, Bermuda Intl Bond, Citygrove, Costain Brothers, Conrad Continental, Copymore, Scott's Restaurant, Sherwood, Stylo, Swallowfield, Trusthouse Forte, Wankie Colliery, Wills.

Finals- Advest, Bristol Channel Ship Repairers, Courtney Pope, Goodwin, Prudential-Bache Cap.

FUTURE DATES

Interims-

| | |
|---|---|
| Associated Fisheries | Oct. 5 |
| Austin Reed | Oct. 11 |
| Chepstow Racecourse | Oct. 24 |
| Eurotunnel | Oct. 6 |
| Helene | Oct. 10 |
| Ketson | Oct. 4 |
| Tullow Oil | Oct. 6 |

Finals-

| | |
|---|---|
| Armour Trust | Oct. 2 |
| Barratt (Henry) | Oct. 26 |
| Lloyds Chemists | Oct. 11 |

NOTICE OF REDEMPTION

## THERMEDICS INC.

5½% Convertible Subordinated Debentures, due 1996

NOTICE IS HEREBY GIVEN that Thermedics Inc. (the "Company") has exercised its right, pursuant to Section 6 of the Fiscal Agency Agreement dated as of April 1, 1986, to redeem on October 31, 1989 (the "Redemption Date") all of the Company's then outstanding 5½% Convertible Subordinated Debentures, due 1996 (the "Debentures").

REDEMPTION OF THE DEBENTURES

*Redemption Date:* October 31, 1989

*Redemption Price:* The redemption price of the Debentures is 103% of the principal amount of the Debentures, together with interest accrued from April 1, 1989 to October 31, 1989 in the amount of $32.10 per $1,000 principal amount of Debentures, making a total of $1,062.10 payable on October 31, 1989, for each $1,000 principal amount of Debentures not converted prior to the close of business on the Redemption Date.

*Cessation of Interest and Rights of Debentureholders.* On the Redemption Date, the redemption price of the Debentures not converted on or prior to the close of business on the Redemption Date will become due and payable and interest on the Debentures will cease to accrue. The Debentures will no longer be deemed outstanding after the Redemption Date and all rights with respect thereto will cease, except the right of the holders to receive the redemption price of interest accrued to the Redemption Date.

*Redemption Procedure.* Payment of the amount to be received on redemption will be made by the Company upon presentment and surrender of the Debentures (with coupons dated April 1, 1990 and subsequent attached on any Bearer Debenture) at any time on or after the Redemption Date at any of the locations set forth below at the end of this notice.

CONVERSION OF DEBENTURES INTO COMMON STOCK

Prior to the close of business on the Redemption Date, the principal amount of any Debenture, or any portion thereof that is $1,000 or a multiple of $1,000, may be converted at the option of the holder into shares of Common Stock of the Company at a conversion price of $11.58 per share (or approximately 86.36 shares for each $1,000 principal amount of Debentures converted.)

*Conversion Procedure.* The Debentures may be surrendered for conversion prior to the close of business on the Redemption Date together with a written notice of election to convert such Debentures at any of the locations set forth at the end of this notice.

THE RIGHT TO CONVERT THE DEBENTURES SO CALLED FOR REDEMPTION SHALL TERMINATE AT THE CLOSE OF BUSINESS ON THE REDEMPTION DATE. NOTWITHSTANDING THE PRECEDING SENTENCE CEDEL AND EURO-CLEAR MUST RECEIVE INSTRUCTIONS FOR CONVERSION BY OCTOBER 24, 1989 AND OCTOBER 27, 1989 RESPECTIVELY FOR DEBENTURES HELD BY THEM.

The Bearer and Registered Debentures may be presented for redemption or conversion at any of the following locations:

| | |
|---|---|
| Chemical Bank | Banque Internationale a Luxembourg |
| Chemical Bank House | 2 Boulevard Royal |
| 180 Strand | 2953 Luxembourg Ville |
| London WC2R 1ET | Luxembourg |
| England | |

Registered Debentures may be presented for Redemption and Bearer of Registered Debentures may be presented for conversion at the following additional location:

Chemical Bank
55 Water Street
Corporate Trust Department
New York, New York 10041
United States

# Overseas earnings behind Redland's 18% advance

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Redland, one of Britain's biggest building materials groups, rose by 18 per cent to £104.1m during the six months to the end of June.

More than half of Redland's profits, including those from associate companies, were earned overseas. The group is the world's largest roof tile producer and it also has large aggregate, concrete and road surfacing interests in the US and France.

Group turnover, excluding British Fuels, the fuel distribution business which was sold last December, rose from £562.2m to £694m. Earnings per share increased by almost a quarter from 20.8p to 25.7p.

Operating profits in the UK rose by 11 per cent from £46.1m to £51.8m. The figure would have been even higher but for the affect of high interest rates on British housebuilding and domestic repair, maintenance and DIY sales.

Sales of bricks by Redland in the UK during the first six months fell by about 9 per cent, about the same level as Ibstock Johnsen, the UK and US brick manufacturer which reported its results on Tuesday.

Both Redland and Ibstock managed to squeeze higher profits from lower brick sales as a result of higher prices maintained during the first half. Redland warned yesterday that brick sales could fall further if high interest rates began to curtail commercial and industrial development.

Profits from roof tiles in the UK also rose in the first half despite lower sales. Redland said only 15 per cent of group profits were tied to the UK housing market.

Profits from aggregates in the UK, where Redland is one of the industry's big four suppliers, rose by about 40 per cent with volume sales of coated stone rising by about 16 per cent and sand and gravel by about 9 per cent.

The group, in common with other UK aggregate suppliers, will benefit from plans to increase spending on road, rail and water projects.

Overseas profits of subsidiaries increased from £42.5m to £44.1m. International profits however rose by 28 per cent, if earnings from associates of £15.4m are included.

Redland's West German tile business performed very well in the first half, matching the recent experience of RMC which also has large building materials interests in West Germany. German construction, having been in the doldrums since 1985, has increased sharply this year. German housing permits in the first half were up by almost a sixth.

Trading was also strong in Australia where Redland has a roof tile and brick joint venture with CSR.

The performance in the US was more mixed. Sales of concrete roof tiles increased by 50 per cent and profits rose at the Denver aggregate business. However, revenue from both east coast aggregates and Texas declined.

The interim dividend is increased by 20 per cent to 7.5p.

**Redland said yesterday that it had increased its share of the UK plasterboard market to 11 per cent, from 5 per cent earlier this year.**

**The company, which has just opened its first plasterboard manufacturing plant at Bristol, is in partnership with CSR, the Australian building materials group.**

**For many years, BPB has been the sole British manufacturer of plasterboard. It now faces competition from Knauf, a privately owned German company which has opened a factory near Sittingbourne in Kent, and from Redland and CSR, which until now has imported all its plasterboard.**

**Redland said increased competition had reduced UK prices by about 5 per cent at the beginning of this year and by about another 5 per cent this autumn. Prices have also fallen sharply in France, where BPB and Knauf are also competitors.**

# Eagle Trust obtains injunction

By Philip Coggan

EAGLE TRUST, the UK mini-conglomerate which is the subject of an investigation by the Serious Fraud Office, has obtained a Mareva injunction against the assets of Mr John Ferriday, its former chairman and chief executive. The injunction prevents Mr Ferriday from selling or realising any of his assets without Eagle's consent.

Meanwhile, Mr David James, who was appointed Eagle's new chairman on Wednesday, said yesterday that the creditor banks had given him at least 12 months to restore the company's fortunes. He said that he had taken the post on two conditions: that cash would be available to run the company in its current structure and that he would not be cast in the role of liquidator.

"I am not going to flog off assets as fast as I can," Mr James added, although one or two peripheral businesses could be sold. "The vast majority of individual subsidiaries are still profitable."

The corporate finance department of Coopers & Lybrand, the accountancy group, will henceforth act as the group's financial advisers and Parrish will remain as broker. Eagle has now had four sets of financial advisers since the start of 1989 and four chairmen since last October.

Mr James said he intended to run a relatively small board, and would announce four new directors next week. At that point, the three remaining survivors of the previous Eagle board, all non-executives, would resign. Mr James will not be appointing a managing director, but will take a hands-on role himself.

He hopes to call an annual meeting by the middle of November, although the group's accounts for 1988 would not be ready by then. "I want shareholders to be able to endorse the new board and to hear a preliminary statement on my assessment of Eagle's affairs." He would then hold an extraordinary general meeting when the accounts were prepared.

Eagle has sent out Section 212 notices to discover the beneficial owners of a large number of nominee holdings. Shares in Eagle have been suspended since May.

Meanwhile, Laforza, the automobile company in which Eagle had an interest, issued a press release saying it had negotiated to buy-out the Eagle holding. Mr James said that the sale was conditional and the conditions had not yet been met.

Peter Jarvis, left, managing director of Whitbread, with Denis Cassidy, Boddington chairman

# Diversified Boddington tops £7m with 9% growth

THE BODDINGTON Group, which is selling its brewing business for £50.7m to Whitbread, yesterday announced pre-tax profits 9.4 per cent higher at £7.3m for the half year to July 1, writes Lisa Wood.

The group, which over the past few years has diversified into nursing homes and strengthened its retailing activities with the development of new catering concepts, said that all its divisions shared in the profit growth with beer volumes increasing by 3 per cent.

Turnover, at £59.63m, increased by 32 per cent on last time's figure of £45.22m. Some 18 per cent of the sales were accounted for by new acquisitions with Henry's Table pub restaurants and Village Leisure hotels increasing sales by 34 per cent and 22 per cent respectively.

Trading profits showed a 30 per cent to £8.82m (£6.7m). Trading profits from pub retailing increased by 21 per cent. Property profits, taken above the line, were £1.72m (£1.31m).

Interest charges, reflecting substantial investment in new areas of development, rose to £3.56m (£1.54m). The disposal of the brewing side will eliminate borrowings.

Basic earnings per share firmed from 5.36p to 5.58p and the interim dividend is raised 17 per cent to 1.85p.

Mr Hubert Reid, Boddington's managing director, said that in the future Boddington would have four divisions: pubs, hotels and restaurants, drinks wholesaling and health care, with the latter making a first time contribution.

# Specialisation benefits show through at Close

CLOSE BROTHERS Group, the merchant banking and investment management company, increased pre-tax profits by 63 per cent to £10.47m in the year to July 31.

Earnings per share grew by 48 per cent to 16.22p (10.99p). A final dividend of 4.55p (3.35p) lifts the total by 35 per cent to 6.75p (5p). The investment portfolio produced capital gains of £2.34m. Net assets per share increased to 176p (162p).

Mr Roderick Kent, managing director, said the result underlined the benefits of specialisation. For example, Close Asset Finance, lent £50.6m on big-ticket items such as German printing machines and made profits of more than £2m.

# Expansion for PA Consulting with Danish consultancy buy

By Michael Skapinker

PA Consulting Group, Britain's largest management and technology consultancy, is to purchase Bakconsult, the biggest management consulting firm in Denmark.

The initial payment of £4.5m will be followed by two further profits-related payments in 1990 and 1991.

Bakconsult is expected to have 1989 revenues of £8.8m, with pre-tax profits of £1.3m.

The purchase follows PA's acquisition last June of Hartmark IRAS, Norway's largest management consulting firm.

PA has said it intends to acquire a listing on the International Stock Exchange in London within the next three years.

# Seafield buys developer

By Clay Harris

SEAFIELD, a warehousing and transport group which has emerged from the shell of an Irish-registered industrial company, is expanding into retail property by paying an initial £41.9m for Charterhall Properties, a privately owned developer.

The acquisition and the provision of £30m for working capital and to refinance Charterhall's bank borrowings will be financed partly by a three-for-one rights issue at 150p. This will raise £55.7m net of expenses.

Seafield, formerly Seafield Gentex, is headed by Mr Dennis Jones, who is also finance director of Hazlewood Foods. Charterhall, formerly headed by the late Mr David Bulstrode, specialises in the assembly of retail sites to the specification of "anchor" tenants.

Its latest development is a 15-acre site by Finchley Road underground station. Marks and Spencer and J Sainsbury together will take half of the 360,000 sq ft of retail space.

Charterhall retains ownership of its developments at least until the first rent review, typically after five years. It has warranted pre-tax profits of at least £10.5m for the year to June 1990, and Seafield will pay up to another £10m in shares if it achieves certain profit targets in 1990-91.

Seafield's stockbroker Laurence Prust is forecasting pre-tax profits of £16m for the enlarged group in 1990, with net assets of £60m and no net borrowings.

# Seaforth transfers stake

Seaforth Investments, a leisurewear and lighting company, owned by Mr Maurice Dwek and funds managed by MIM, has transferred its 25 per cent stake in jeweller Owen & Robinson to Drayton Consolidated Trust and English and International Trust.

Both funds, managed by MIM, will hold the shares for two years.

# Vickers up to £32m helped by disposals

By Nick Garnett

VICKERS, the diversified engineering, defence equipment and luxury car group, yesterday reported a 31 per cent advance in pre-tax profits to £32m, against £24.5m, for the half year to June 30.

However, the bulk of this stemmed from a £6.5m positive swing in interest payments, mainly resulting from the sale of the Howson Algraphy lithographic printing plate business in July.

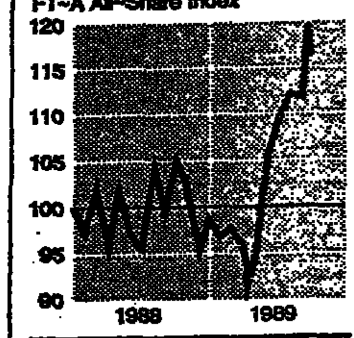
Overall trading profits were up just 3 per cent which was below analysts' expectations.

Sir David Plastow, chairman, said most areas of the business had performed well, with strong demand for Rolls-Royce and Bentley motor cars and continued higher profitability in marine engineering.

A substantial increase in orders for precision components, particularly for gas turbines, was secured and the medical equipment operation had raised its profits.

**Vickers**

Share price relative to the FT-A All-Share Index




Sales of continuing activities rose from £226.8m to £269.3m; sales of discontinued activities were £105.8m (£154.7m).

The group sold Howson-Algraphy to Du Pont of the US for £241.7m, plus £5m of interest. The trading performance of Howson is included in the results for the first five months. One month's interest on the money received from Du Pont is included in investment income.

Earnings per share rose from 6.6p to 8.6p. The interim dividend is stepped up to 3.3p (2.9p).

**● COMMENT**

One way of looking at Vickers is that it is a potential takeover target and that yesterday's figures did not help its cause. Sir Ron Brierley has a 12.2 per cent stake, the group has four discreet businesses, some with excellent brand names and it is also sitting on £200m of cash. Profits for Rolls-Royce could dip this year and the defence activities are still bound to suffer with the switch to the Challenger 2 programme. It is just possible though that Vickers' management will be left alone to get on with the business of using thecash pile for add-on acquisitions over the next 18 months, and to see a gradual turn round in defence which could still prove extremely lucrative. The shares slid on the results but that was exaggerated by the overall state of the market.

# Kish Resources

Kish Resources reported third quarter results to March 30 showing operating revenues of £23,074 and an operating profit of £12,561. Other income was £13,314.

After amortisation/exploration costs and administration costs there was a pre-tax loss of £201,012. There was also an extraordinary debit of £80,456.

## NEWS DIGEST

# Whatman Reeve hits £4.55m

WHATMAN REEVE Angel, a maker of filtration and purification equipment, reported pre-tax profit for the first half of 1989 up 11 per cent from £4.08m to £4.55m.

Sales for the period were £24.66m, against £21.99m, with about half the rise due to the strengthening of the dollar.

Mr Andrew Smithers, chairman, said the Balston division showed excellent growth and in Whatman International both the laboratory and speciality products businesses reported good overall progress, although laboratory sales were restricted by dealer destocking particularly in North America.

The industrial air filtration side was still not performing satisfactorily, he said.

Earnings per share came out at 13.39p (11.73p) and the interim dividend is increased to 2p (1.5p) partly to reduce disparity between the two payments.

## Ramar Textiles surges to £837,000

A substantial recovery in profits was reported by Ramar Textiles for the year to May 26. The jump from £14,000 to £837,000 was scored on sales ahead to £24.68m. The comparable results were hit by a serious warehouse fire at the end of 1986.

The directors said the second half was hit by a build-up of pre-sold stocks, but profitability was maintained due to increased efficiency. An unchanged interim dividend of 1.75p is payable from earnings of 4.08p (0.24p).

The year-end is to be changed to June. The insurers have agreed to go to binding arbitration to settle the fire claim.

## Sykes Pickavant declines to £818,000

Sykes Pickavant Group, the manufacturer and distributor of automotive and industrial service tools, yesterday announced a reduction to £818,000 in pre-tax profits for the six months to end-June.

This compared with £830,000 last time and came from turnover up from £7.55m to £8.65m. Interest payable rose to £90,000 (£11,000) and after tax of £286,000 (£253,000) earnings per share were 5.78p (6.26p).

The interim dividend is maintained at 2.25p.

## Inoco edges ahead to £788,000

Despite interest payable rising from £618,000 to £2.57m, USM-quoted Inoco maintained its level of profitability in the six months to June 30, with the taxable result edging ahead from £776,000 to £788,000. Turnover, however, climbed 76 per cent from £2.25m to £3.96m.

In March, the company acquired a 33.9 per cent stake in Gulf Resources & Chemical Corp for about £25m. Since then Gulf's activities have been rationalised – the oil, gas and speciality clays businesses have been sold for about £18m. Gulf contributed £1.41m (nil).

Property purchases totalled £20m, bringing the portfolio to £100m, with a net annual rent roll of £8m. Net rental income came to £2.87m (£1.67m).

Earnings fell to 0.33p (0.62p).

## Interest charges check Wm Jacks

Higher interest charges hit taxable profits at William Jacks, the vehicle distribution and servicing group, in the six months to July 31.

Pre-tax profits dipped from £511,000 to £404,000 as interest payable rose to £347,000 (£224,000). Turnover expanded 6.5 per cent to £25.08m. Earnings per share were 2.35p, down from 3.16p, but the interim dividend is maintained at 0.9p.

## Thorpe dimmed by labour shortage

The move to larger premises led to a decline from £1.6m to £1.24m in the pre-tax profit of FW Thorpe, maker of Thorlux lighting equipment.

Turnover rose 3 per cent to £9.66m (£9.34m), with an 8 per cent rise in the second half.

Current order books were full, but strong growth would not be achievable until the group regained the position of having a well trained, experienced and stable workforce, the directors pointed out.

Earnings were 26.8p (34.2p), but the dividend is raised to 6.5p (5.8p) with a final of 4p. There was an extraordinary credit of £863,000.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres-ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Addison Consult ....int | 0.5† | - | 0.5 | - | 1.4 |
| Boddington ....int | 1.85 | Nov 2 | 1.58 | - | 4.3 |
| Central Ind TV ....int | 7.5 | - | 6 | - | 25.5 |
| Colroy ....fin | 5.5 | Dec | - | 7.5 | - |
| Comm Hospitals ....fin | 0.5 | Nov 10 | - | 4.5 | 3 |
| Haden Maclellan ....int | 2.5† | Nov 21 | 1.5 | - | 5 |
| Elsco ....fin | 4† | Jan 5 | 3.2* | 6.2 | 4.96* |
| Epicure Inds ....int | 0.28† | Oct 30 | 0.28 | - | 1 |
| Fosecos ....int | 5 | Jan 2 | 4.2 | - | 12.2 |
| Frogmore Ests ....fin | 8.4† | - | 7.7 | 11 | 10 |
| Geest ....int | 2.75 | Dec 29 | 2.25 | - | 5 |
| Helical Bar ....int | 1.6† | Nov 18 | 0.8 | - | 5.8 |
| Jacks (William) ....int | 0.9 | Nov 20 | 0.9 | - | 2 |
| MB Group ....int | 2 | - | 1.9 | - | 7 |
| Ramar Textiles ....fin | 1.75 | Jan 12 | 1.75 | 1.75 | 1.75 |
| Rathbone Bros § ....int | 1.8 | Nov 15 | 1.5 | - | 5.5 |
| Redland ....int | 7.5 | - | 6.25 | - | 19.5‡‡ |
| Richards Group ....int | 1.5 | - | nil | - | 1.5 |
| Saga Group ....int | 2.3 | Nov 13 | 2 | - | 7.2‡ |
| Sykes-Pickavant§ ....int | 2.25 | Nov 24 | 2.25 | - | 5.75 |
| Thorpe (FW) ....fin | 4 | Nov 24 | 3.6 | 6.5 | 5.8 |
| Time Products ....int | 2.5 | Jan 5 | 2.5 | - | 6.5 |
| TV-am § ....int | 2 | - | 1.5 | - | 6.5 |
| Tyndall Hldgs ....int | 2.5 | Nov 10 | 2.5 | - | 5.5 |
| United News ....int | 7.5 | - | 7.5 | - | 20.5 |
| Vickers ....int | 3.3 | - | 2.9 | - | 7.5 |
| Whatman Reeve ....int | 2♦ | Nov 10 | 1.5 | - | 5 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡For 15 months. ‡‡For nine months. ♦Partly to reduce disparity. ‡Follows first interim of 0.8p to reduce disparity.

## UK COMPANY NEWS

# Move up-market as agonies pile on

**Maggie Urry describes the refurbishment taking place at Lowndes Queensway**

MR EDDIE DAYAN is having his entire house recarpeted in a discreet beige coloured, luxury carpet. The chief executive of Lowndes Queensway, the furniture and carpet retailer, must wish that a few more people would do the same.

Trade is still difficult, although with the hot weather over, there has been a brisker feel to business. Like for like sales in furniture are now "up a bit," says Mr Dayan, though he cannot yet say the same for carpets.

Customers are getting used to higher interest rates, and are passing the extra mortgage costs on to their employers through wage increases, Mr Dayan says. "The last thing we need now is another mortgage rate rise."

The company's short history, since the leveraged takeover in August last year of Harris Queensway, has not been happy.

Mr Dayan admits that the business was in much worse shape than expected, with management information systems badly lacking. Weekly sales figures were based on the money in the till at the weekend, with no idea of what had to been sold at what cost and what price. Margins were estimated.

When the market collapsed too, with high interest rates cutting house sales, the company was driven into a refinancing, involving a rights issue.

The new-style Carpetland shops have brought the fitted carpets to the front of the shop, banishing the rolls of cut-length carpets to the back of the store.

The £18.5m issue was this week taken up by 96.5 per cent of shareholders. Just as last minute decisions to pay the 20p a share price were being taken by investors, Mr Dayan was showing off some of the group's new stores to stockbroking analysts.

A new shop has been launched called Traditions. This is intended to solve the problem of selling furniture in small high street shops, often with only 6,000 or 7,000 sq ft of sales area compared to the out-of-town giants with 25,000 sq ft and car parking space.

Traditions takes only part of the range – concentrating on traditional style furniture for living and dining rooms only, and at higher prices. Mr Dayan describes the interior of the shop as like a "cluttered Victorian" room. One analyst likens it to "a brasher Laura Ashley." Everything in the room sets is for sale, including wallpaper, china and lamps, all delivered to the customer's home. The first store is showing a sales gain of 31 per cent in its first three weeks.

Out of town, Queensway is refurbishing its furnishings stores and attempting to make them look less like cheap and nasty warehouses, or "sheds." Those which have been refurbished are showing 22 per cent sales gains, Mr Dayan says.

At the same time, Carpetland, the carpet retail chain, is being repositioned, with the carpets on sale upgraded. Instead of rolls of cut length carpets in the front of the shop, giving a cheap image, the emphasis now is on fitted carpets.

Instead of two names – Harris Carpets and Carpetland – there is now one, and the advertising budget has been doubled to £4m. This means, Mr Dayan says, that the Carpetland name will have four times as much spent on promotion. The shops which have been changed over are showing more than a 25 per cent sales gain, he says.

Across the group, a new computerised stock control system is being introduced, and a switch to direct delivery of furniture from suppliers to customers is being engineered. This has involved the suppliers in large start-up costs, which indicates their confidence in backing the group.

Lowndes will be about three-quarters of the way through its plans by the end of the financial year in January. Eventually the cost savings should be substantial from moves like faster ordering, the elimination of mistakes, a reduction in the number of group warehouses from 69 to five and much tighter control of stock and margins. Customer service should improve, which could in turn boost sales.

The question is: Can Lowndes get there before its cash runs out? Mr Dayan argues that so long as the refurbished stores continue to produce good sales gains and the market gets no worse, the group will pull through.

It is coping with the current seasonal peak in working capital, and by the time next year's late summer peak is reached the cost savings should have started coming through, he argues. He hopes to make a profit in the second half of the current year, after a loss in the first forecast at £17m.

In the year since the takeover, Mr Dayan says, despite the traumas, "I have never thought it would not come right."

# Addison declines to £306,000

**By Andrew Hill**

ADDISON Consultancy Group, which has emerged from months of takeover speculation and disposals as a market research group, saw profits slip from £320,000 before tax to £306,000 in the six months to June 30.

Turnover was also down, by 31 per cent to £28.3m (£40.9m) following restructuring which has involved the sale of Chetwynd Haddons, Addison's consumer advertising agency, and the design division.

Continuing businesses – excluding those still earmarked for sale – made £689,000 before tax on turnover of £9m.

MAI, the market research, advertising and financial services group, bought a 24 per cent stake in Addison earlier this year, and put itself forward as a possible bidder.

However, it came up against opposition from some Addison directors and from Motivaction, a French market research company now called Virtus, which bought 26 per cent of Addison and has won seats on the board.

Virtus said in April that it would not mount a bid for at least 12 months and MAI has since discontinued discussions about a possible offer.

Ms Elizabeth Nelson was elevated to chairman of the main board in June after a serious boardroom split and resignations of most of Addison's professional advisers.

The principal brake on first half growth at Addison was Streets Communications, the financial public relations and advertising group, which was held back by the slowdown in financial advertising. A proposed management buy-out of the division fell through during the first half, and in the meantime Streets lost £500,000 (£280,000) before tax.

Addison, which has cut staff at Streets by a third, is now back in talks with the division's management and with other interested buyers, in an attempt to sell the business this year.

There was an extraordinary gain of £2.41m on the sale of Chetwynd Haddons.

There was a loss of 0.05p per share for the first half (earnings 0.07p), and the interim dividend is unchanged at 0.5p.

# All-round advance at Eleco

**By Jean Marshall**

WITH ADVANCES in all divisions, Eleco Holdings, the building products, distribution and property and construction company, reported a 31 per cent rise in pre-tax profits in the year to June 30, 1989.

The rise from £5.41m to £7.08m was achieved on turnover up 51 per cent from £48.05m to £72.68m.

Mr Field Walton, chairman, said the group had been successfully restructured into five areas of expertise. The results reflected partly the benefits of that strategy, he said, in both management strength and financial returns.

The impact on the group from the depressed residential housing market had been minimal, Mr Walton said, because of involvement in commercial developments and the broader spread of markets for its other activities.

In building products, where opportunities were arising on the Continent, profits and turnover rose by 26 per cent to £1.72m and and 8 per cent to £23.05m.

Specialist contracting had experienced a year of recovery after some difficult contracts previously. Turnover rose by 67 per cent and the division turned from losses to produce record profits of £520,000.

The purchase price of the Durable Contracts acquisition had been recovered in its first year.

Profits in distribution services advanced by 52 per cent to £808,000, and property development and investment both had a good year.

An unchanged final dividend of 4p is proposed, to maintain the total at 6.2p. Earnings worked through at 17.7p (13.5p) per share, after tax of £2.2m (£1.9m).

# Helical Bar vaults 71%

**By Nigel Clark**

HELICAL BAR, the property trader and developer, increased pre-tax profits for the six months to July 31 by 71 per cent from £5.84m to £10m.

The improvement reflected the sale of a little more than half of its prime office development in Bristol and sales of trading stock in south Wales and the rest of the UK. Directors said there had also been sizeable growth in rental income, with the net figure up from £2.81m to £5.44m.

During the period the investment property holdings were refinanced on a longer-term basis by raising a £100m revolving loan repayable in 1994-96. It has more than £20m cash in hand and capped interest rates on £150m for the next five years.

In the current six months, Helical has sold trading stock worth more than £27m. New developments in Manchester, Leeds and Peterlee, Durham, are in hand.

Earnings per share were 27.5p (16.5p). A second interim of 1.6p is being paid, which together with the first, makes 2.4p, against last year's 0.8p, and helps to reduce the disparity between the dividend payments.

## UK COMPANY NEWS

# Foseco's 16% rise helped by global spread

By Andrew Bolger

FOSECO, the specialist chemicals and abrasives group, lifted pre-tax profits by 16 per cent to £24.5m in the half year to June 30. Turnover rose by 11 per cent to £288m.

The shares jumped 40p to 357p in June after the company discovered that US investors Mr Gilbert Scharf and his brother, Michael, had taken a 4.4 per cent stake in the company. Yesterday they closed down 4p at 348p.

Mr Tony Chubb, chairman, said: "It is very encouraging to see a strengthening of the group at a time when the short-term economic outlook is becoming more uncertain in the UK and a number of other countries."

Mr Chubb said the metallurgical chemicals division reported sound growth, adding: "This was a good performance in view of the difficult economic situation faced by our South American companies and a deterioration in trading conditions encountered by a number of group operations selling to the steel industry."

Mr Bob Jordan, chief executive, said Foseco had reduced its exposure to the steel industry from about 40 per cent of turnover as recently as 1986, to less than 20 per cent now. Only about a quarter of the group's turnover comes from the UK.

Results in the construction and mining chemical division were much improved, with the Middle and Far East making particularly significant contributions.

Mr Chubb said results of the mining chemicals operations were varied; the continuing restructuring of the coal industry in the UK caused a number of problems, while in the US Celtite made good progress."

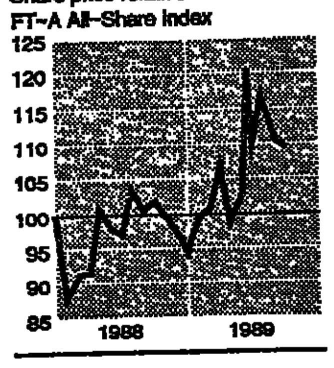
Investment in France, West Germany, Japan and Korea aimed to enhance Foseco's position as a global supplier to major automobile producers.

The abrasives operations produced mixed results in the UK: activity in the industrial market had been satisfactory, but the DIY market had been slow; its weakness also affected the bathroom fitments company.

Earnings per share rose 18 per cent to 16.3p (13.8p). An interim dividend of 5p (4.2p) is declared.

**Foseco**

Share price relative to the FT-A All-Share Index




● **COMMENT**

Foseco's share price will continue to be determined by the intentions of the brothers Scharf, which remain unclear. It seems unlikely that they could mount a bid which was not highly leveraged, and Foseco's range and variety of activities make it an unlikely candidate for a quick break-up. Analysts remain concerned that its main markets – steel, cars and mining – may all be near the top of their cycle. Prospective full-year profits of £48m put it on a multiple of 11, which has been boosted by a bid premium of about 35p to 40p per share. That premium is unlikely to disappear in the short term and will no doubt continue to obscure the longer-term, and more fundamental, question of whether Foseco's spread of geographical interests should exempt it from the "cyclical" tag which the City has continued to hold against it.

### Baillie Gifford Japan

Baillie Gifford Japan asset value per ordinary share at August 31 was 760.91p (588.19p) and 711.34p (551.41) diluted. Loss before tax for the year was £224,434 (£254,835). Loss per share 2.69p (loss of 2.96p).

# Food preparation holds back Geest

By Nikki Tait

GEEST, the fresh produce and prepared foods group best known for its banana import business, yesterday reported pre-tax profits of £11.3m in the six months to July 1, up from £9.18m in the same period a year earlier.

Sales in the first half were £283m (£289m), and earnings per share – after a 29.7 (28.9) per cent tax charge – came to 11.4p (9.3p). The interim dividend goes up 22 per cent to 2.75p.

In terms of trading profit, there was a near 14 per cent increase on the fresh produce side to £9.2m, with good performance being reported on virtually all fronts.

The food preparation business fared less happily: with trading profits down from £760,000 to £57,000 on sales of £30.9m (£22.5m), despite the first contribution from Katies Kitchen.

Problems came on the fish side, where Geest has now ceased production of low-margin uncoated and conventionally coated fish fillets, and on recipe dishes, where sales were affected by health scares just as new capacity was coming on stream.

From the US, where Geest recently acquired Manor Hill, there was a first-time contribution of £163,000 on sales of £1.43m.

There was a £467,000 (£333,000) exceptional surplus above the line – profit on property sales offset by restructuring costs – while net interest receivable worked through to £1.55m (£901,000).

Below the line, there was an extraordinary surplus of £5.86m – comprising the profit on the sale of the contract distribution business offset by £1.94m of costs in withdrawing from the fish activities.

Geest said it expected the year-end cash balance to be around £20m. With regard to acquisitions, it commented that further expansion into the US was being considered, as was the building of distributive capacity in Europe on the fresh produce side. However, the company said there was nothing in the immediate pipeline.

● **COMMENT**

While Geest's figures were well in line with expectations, the balance was not quite as some analysts had expected. The problems in the fish and recipe dish businesses caused some surprise, while fresh produce did commensurately better – a performance which was even more creditable after a £500,000 cost for contingency plans to cope with the threatened national dock strike. Yesterday, Geest was suggesting that reorganisation on the fish side had taken out some £1.5m of overheads and says this business is now breaking even. The loss on the recipe dish business may take a little longer to repair, although there are hopes that it might be out of the red by the year-end.


Tony Andrews

Charles Bystram, chairman: fresh produce – best of the bunch

# Losses at Kelt Energy increase to £1.15m

KELT ENERGY, the independent oil and gas group headed by Mr Hubert Perrodo, yesterday unveiled results for the 15 months to March 30 – a period of intense activity for the company, writes Graham Deller.

The reverse takeover of Concorde Energy in the spring of 1988 was followed last January by the highly-leveraged takeover of Carless. Since then Kelt has disposed of the latter's downstream operations in a series of sales, raising some £137m.

The pre-tax loss for the period increased to £1.15m, against a deficit of £847,000 for the year to end-December 1987. However, losses at the operating level, stated net of foreign exchange gains of £991,000 (£45,000), recovered to £210,000 (£725,000).

Kelt intends to refinance remaining debt on a long-term basis, in line with the flow of revenue from its assets in both the UK and the US.

Mr Perrodo said that total net reserves had risen from 34m barrels to about 160m barrels of oil equivalent. Net assets stood at £211m, or 63p per share, he said, a figure that excluded a further 31p per share in respect of probable reserves.

Turnover expanded from £5.47m to £12.52m. Losses per 10p share worked through at 0.6p (0.5p). No dividend is proposed for the year: the last payment was made in 1985.

# Floyd Energy back in the black with £18,000

By Graham Deller

FLOYD ENERGY, the former resources company which has transformed itself into an engineering and structural steel group, reported a modest pre-tax profit of £18,000 for the first half of 1989.

The outcome compared with losses of £374,000 last time and was struck on turnover sharply higher at £19.96m (£8.84m).

Earnings per 10p share were 0.02p, against losses of 0.63p in the corresponding half of 1988.

Mr Gordon Dunlop, chairman of the USM-quoted company, said that Whiteley Reid, acquired in May, enjoyed high activity and a healthy order book.

Similar conditions prevailed at Romein Roosendaal Beheer, the Dutch steel structure group, purchased in June for £12.8m.

In contrast, the fuels side suffered from the mild winter. Oil distribution was hit by "sustained competition," while the coal businesses experienced increasing pressure on prices.

Floyd intends to offer the residual oil exploration assets for sale.

The directors also announced plans to consolidate the shares from 10p to 50p and change the group's name to Ferrum.

## UK COMPANY NEWS

# Saga declines to £1.18m after depressed US sales

By Peter Franklin

A DOWNTURN in its US operations was blamed by Saga Group, the over-60s tour operator, for a 4.4 per cent drop in pre-tax profits for the six months to end-July.

The fall to £1.18m was struck on turnover up 2.9 per cent to £49.29m (£47.9m) and was compounded by a loss after tax of £148,000 from the closure of its US publishing venture.

A spate of air crashes, beginning with the Lockerbie bombing, hit demand for domestic and overseas holiday business in the US. The group also took a step back when its travel magazine there failed after just two issues for lack of advertising revenue. However, a satisfactory outcome was expected by the year-end.

Mr Roger De Haan, chairman, said that the company's UK tour operating sales had grown by 3 per cent, which represented a satisfactory performance in a sector in which other holiday companies were suffering a depressed market. Sales of European holidays had fallen slightly, but bookings to long-haul destinations were well ahead of last year, he said.

Saga's move into the retirement housing market had been set in motion with the purchase of a site in Kent, where the first properties should be ready for sale next year.

The downward trend in land prices was expected to continue, said Mr De Haan, and the company was being very selective in its approach to further purchases. Saga would continue to manage the sites after completion, he said.

The UK publishing interests had started slowly but good growth had been experienced from financial services, where Saga offers such products as home insurance and life policies for the over-60s. Here the company had been able to capitalise on its 3m-plus mailing list, and sales in this area were expected to contribute strongly to the year's results.

The group's strong cash position provided an improvement in net investment income to £1.98m (£806,000) and after tax of £812,000 (£883,000) earnings per share slipped to 4.49p (4.89p). The interim dividend is raised to 2.3p (2p).

# S&F clarifies Apricot stake

By Alan Cane

SINGER & FRIEDLANDER, the merchant bank and property investor, has formally assured Apricot Computers, the Birmingham-based workstation manufacturer, that the shareholding it has been building represents an investment for its own account rather than for an undisclosed client.

Singer has raised its stake in Apricot to 10.54 per cent. It said it intended to build a stake that would allow it to consolidate a percentage of Apricot's profits in its own results. A shareholding can usually be consolidated above 20 per cent.

The announcement, and the way the shares were purchased, triggered a wave of speculation that a takeover bid was under way. The rumours were fuelled by the fact that high technology investments are not common for Singer, a bank which made pre-tax profits of £10.7m for the half year to June 30, chiefly through fund management activities.

The European computer industry, furthermore, is in the middle of a period of rationalisation and Apricot would be a valuable acquisition both for its software skills and its market share.

Apricot made pre-tax profits last year of £5.5m on a turnover of £106m, and has been returning to financial health after a weak period in the early 1980s.

It now makes over half its profits from software and computer maintenance while the rest comes from its activities as a maker of high performance workstations, competing with the US manufacturers International Business Machines and Digital Equipment Corporation.

Following substantial management changes it seems set for growth and analysts believe it is undervalued and a good recovery stock.

Sources close to Singer and Friedlander confirmed that the bank was buying for its own account. Mr Roger Foster, Apricot's chairman, said he saw Singer's investment as a vote of confidence in the company's strategy but he would be watching the size of the holding closely.

## NEWS DIGEST

### Far East setback for Time Prods

JAPANESE COMPETITION and price cutting in Hong Kong hit the business there of Time Products, the watch and jewellery distribution group.

As a result, pre-tax profits for the six months to July 31 fell from £7.66m to £6.95m, on turnover of £28.48m (£29.75m).

*Mr Richard Langdon*, chairman, said he did not envisage that the situation in Hong Kong would improve in the current year; turnover there fell to £8.97m (£11.28) and pre-interest profit to £1.33m (£2.8m). However, UK sales improved to £19.5m (£18.5m) and profit to £4.18m (£3.99m), with the luxury watch division being particularly successful, he added.

Finance income rose to £1.44m (£870,000). Earnings worked through at 9.22p (10.72p) and the interim dividend is again 2.5p.

### Wolstenholme Rink slips to £1.81m

Higher interest rates and increased borrowing left Wolstenholme Rink, the Lancashire-based maker and distributor of products for printing and allied industries, with reduced pre-tax profits of £1.81m for the half year to June 30. The comparable figure was £1.91m.

Operating profits advanced from £2.15m to £2.43m on turnover of £21.54m (£17.98m).

An interim dividend of 6.3p (6p) is being paid from earnings of 18.9p (20p) per share.

Interest charges were an increased £615,000 (£235,000). Tax took £551,000 (£595,000) and there was an extraordinary charge of £103,000 (£87,000 credit).

### Crossroads Oil dives to £2.08m loss

Crossroads Oil Group reported a loss of £2.08m for the year to March 31, compared with a profit of £247,000 in the previous 12 months.

The directors said that about £1.7m of the loss was due to the restructuring of the company, formerly Lysander Petroleum, and the disposal of properties in the Arkoma Basin.

This USM-quoted company's main activity is oil and gas exploration, development and production in the US and its financing through partnerships.

Turnover fell by nearly a half to £442,000 (£958,000). There was a loss per share of 7.11p, against earnings of 0.41p.

### Martin Currie Pacific assets up

Martin Currie Pacific Trust net asset asset value climbed from 229.1p to 299.8p basic and from 214.7p to 277.5p fully diluted in the six months to August 31.

Total revenue was £424,000 against £217,000 and pre-tax profits were £167,000 (£28,000). Earnings per share rose to 0.95p (0.16p).

The directors said the buoyant level of corporate profitability implied that the outlook for consumption, supported by higher wages, remained positive and that was reflected in the trust by a high weighting in that area.

### Correction
### Mr Tom Cannon

A photograph of Mr Tom Cannon, director of Manchester Business School, was inadvertently published with Wednesday's report on BSG International's interim results rather than that of his namesake, managing director of the Birmingham-based company.

# C&W raises $280m via US share issue

By Hugo Dixon

CABLE & WIRELESS, the UK-based international telecoms group, has raised $280m (£173m) via the issue of new shares through the New York Stock Exchange.

The issue, which is in the form of American Depository Shares (ADSs), was 25 per cent larger than originally planned because of strong demand from investors, the company said.

The advantage of raising funds in the US is that C&W has been able to tap American investors who are generally more interested in telecoms stocks than their European counterparts.

C&W will initially be using the money to reduce short-term borrowings. However, in the long-term, the fund-raising exercise will help finance its ambitious capital investment programme.

The group plans to spend about £910m over the next three years developing its Mercury Communications subsidiary which is the UK's only mainstream rival to British Telecom. By the end of the century, it expects to invest a further £800m building a personal communications network, which is intended to bring mobile telephony to the mass market.

The ADSs, which each represent three ordinary C&W shares, were offered at a price of $26.72 on Tuesday evening.

# Sheraton makes £11m paper offer for Malvern

By Nikki Tait

SHERATON SECURITIES, the property development and investment group, is making an £11m all-paper offer for Malvern Property Company, an unquoted property group set up in 1986.

Malvern's main activities are in the development and improvement of UK commercial properties, particularly in the north of England. In the year to end-June, it made pre-tax profits of £1.46m, and had net assets of £8.35m.

Originally, Malvern planned to seek a quotation once a suitable trading record had been established. However, Sheraton said it was approached by certain Malvern investors, suggesting that it might acquire their shares via a paper swop.

Although satisfied with the progress of Malvern, a holding of Sheraton paper would allow a formal valuation of their holdings. It would also be potentially marketable.

Sheraton, which already holds 29.99 per cent of Malvern, added that it had, for some time, been seeking to raise its holding. It maintained that the geographical spread of Malvern's interest complemented its own bias towards the south and west of England and Scotland.

Sheraton is offering 1,300 of its own shares for each Malvern A share, and 2.27 Sheraton shares for each Malvern ordinary share.

Shareholders – including Sheraton – speaking for just over 40 per cent of Malvern have irrevocably agreed to accept the offer. Yelverton Investments, which holds 1.5m ordinary shares and 82 A shares, has also indicated that its present intention is to accept.

# Simon Engineering sells Drake & Scull for £21m

By John Thornhill

SIMON ENGINEERING, the equipment, services, and manufacturing group, is continuing to reshuffle its businesses by selling Drake & Scull Holdings, the electrical and mechanical group, for about £21m.

Stockport-based Simon bought Drake & Scull six years ago for £23m, although after yesterday's move Simon will still retain Drake & Scull's Hong Kong operations and some of its interests on the automation and aviation side.

The buyer is JWP, a US technical services company, which will initially pay Simon £11.5m cash and £2.75m in shares. A further consideration of up to £6.75m will become payable.

In 1988, Drake & Scull, made pre-tax profits of £3.4m and had net assets of £10.2m.

# UK COMPANY NEWS

## All-round improvement for Haden MacLellan

**By Clay Harris**

HADEN MACLELLAN Holdings, the industrial conglomerate headed by Mr Philip Ling, increased pre-tax profits from £2.4m to £6.31m in the six months to June 30.

With turnover growing only by 68 per cent to £127.7m (£75.9m), the result reflected a healthy improvement in margins. At the operating level, they rose from 3.5 per cent to 5.2 per cent.

All divisions reported better results than in the 1988 half. The only loss-making part, automated manufacturing systems in North America, reduced its pre-tax deficit from £1.26m to £890,000. It is expected to show a profit for the full year as motor industry customers take delivery of orders.

Its counterpart in the UK and Europe lifted profits to £2.62m (£458,000), while the contribution from manufacturing rose to £3.73m (£2.24m). Distribution showed a more modest increase to £1.52m (£1.49m).

Drypure, a patented system for processing paint sludge, is expected to make its first contribution to profits next year.

Philip Ling: A healthy improvement in margins

Haden has moved away from its original plan to install the system in car manufacturers' plants towards a joint venture operating external reprocessing facilities in association with Meridian National, a US chemical waste treatment company.

Haden's £20m takeover of WA Holdings, the distributor of a wide range of industrial products, took effect only two weeks before the end of the half. They are now making a "useful contribution," Haden said.

Earnings per share more than doubled to £6.5p (2.9p). The interim dividend is raised by two thirds to 2.5p (1.5p).

**● COMMENT**

Considering the unfortunate pre-crash timing of his creation of Haden MacLellan two years ago, and the heavy toll from the subsequent investment freeze in the US motor industry, Mr Philip Ling has not done badly at all. A lower profile, and sticking to basics, suits him. He is confident now that everything will pay off in 1990, as Drypure moves into profit and the US automated manufacturing systems side reaps a long-awaited harvest. On house stockbroker Barclays de Zoete Wedd's pre-tax forecast of £24m for the full year, the prospective p/e is 11.5. Others are less bullish, and worry about Drypure's vulnerability to environmental concerns in the short term and changes in paint technology in the long term.

## Borthwicks to gain access to US market with $14.5m buy

**By Christopher Parkes,** Consumer Industries Editor

BORTHWICKS, the care-worn food group, has agreed conditionally to pay $14.5m (£9m) for Globe Extracts, a battered US food flavours manufacturer.

The purchase is intended to complement Barnett & Foster, the company's existing UK-based flavours business, and spice up its performance by giving it access to the north American market.

Globe's three plants in Long Island, Rhode Island and Los Angeles straddle the US, supplying mainly natural flavours. Barnett & Foster, which accounts for more than 15 per cent of sales at Borthwicks, supplies soft drinks makers and food processors with fruit and savoury flavours.

Globe's recent performance has been marred by calamities involving its former parent's filing under Chapter 11 for protection from its creditors, and a later, abortive attempt by its new owners to diversify into fragrances.

In 1988, Globe showed an operating profit of just $13,000 on sales of $15.6m. In the nearest comparable period, the year to March, 1986, it made $1.2m at the operating level on turnover of $14.3m.

Mr Cornel Riklin, chief executive of Borthwicks since last December, said that Globe was now on the road back to this level of profitability. Unaudited management accounts for the seven months to July, showed operating profits at $760,000 and turnover at $10.2m.

Last June Borthwicks announced an interim pre-tax loss of £2.14m, compared with profits of £304,000. The deficit followed a series of disposals, the abandonment of an expensive new meat manufacturing process, and sweeping restructuring provisions.

The Globe purchase will involve $13.7m payable on completion, of which $3.8m will be financed by the issue of 5m new ordinary shares. The balance will be held back for up to two years.

There is a further deferred consideration, which will allow Globe's management to share in profits over three years, limited to a maximum of $900,000.

Borthwicks said trading had been very satisfactory in the second half. Barnett & Foster showed further growth in sales and profit, and "resolute measures" taken in meat products were starting to show through in an improved bottom line.

## Tyndall recovers to £3.51m after loss in previous six months

**By Nikki Tait**

TYNDALL HOLDINGS, the financial services group, reported a recovery in pre-tax profits to £3.51m in the six months to the end of June.

This compared with a pre-tax profit of £7.03m in the first half of 1988. However it represented a substantial improvement on the £8.19m deficit in the second half last year, when Tyndall finally took a £9.8m write-down on the assets of its Australian life insurance company above the line.

The 1987 accounts were qualified, as the auditors suggested that the effects of the 1987 stockmarket crash on the Australian life business should be taken as an exceptional, rather than an extraordinary item.

The fund management operations, with about £300m under management, made a first-half trading profit of £222,000. This compared with a deficit of a little more than £1m in 1988, which Tyndall claimed was a reflection of the costs of starting new offices and the fees involved in making acquisitions.

In the Australian fund management division, with some A$1bn under management, there is a profit of £1.75m. The comparable figure was £1.82m, which the company said was unrepresentative because some of the surplus arising in this area was moved, for tax reasons, to "unallocated overhead".

In the present year, the charge for unallocated overhead in London was £866,000 and in Sydney, £143,000, against surpluses of £52,000 and £94,000 respectively in 1988.

The banking and trust divisions were more straightforward, showing profits of £1.73m (£1.06m) and £307,000 (£188,000).

The Sydney-based life insurance division turned in £2.01m, against £5.08m. The group maintained that its assets had been "reviewed and comprehensively re-organised".

Interest charges were £1.5m (£1.37m). Tax took £202,000 (£697,000) which Tyndall seemed to feel was indicative of the likely full-year level, reflecting the small proportion of on-shore UK funds managed by the group.

Earnings per share worked out at 4.1p, compared with 7.1p. The interim dividend is maintained at 2.5p.

The deal, already announced, with Industrial Equity (IEL) gained shareholder approval earlier this month. This gives IEL an 18 per cent stake in Clayton Robard, Tyndall's Australian arm, in return for the sale of Liberty Life group, with which IEL has guaranteed to place a minimum of A$100m under management, by IEL to Clayton.

Tyndall is also talking of new investment products in the UK, including a closed-end east European investment fund to be launched next week.

### Colroy builds 68% increase to £4.37m

Colroy, the regional housebuilder which came to the market in June 1988, reported a 68 per cent rise in pre-tax profits from £2.6m to £4.37m for the year to July 31 1989. Turnover was up 39 per cent from £14.65m to £20.43m.

The company said it had applied a cautious land operation policy and the stock of 967 plots was ample. At the year end it had a positive cash balance and nil gearing.

The recommended final dividend of 5.5p makes a total of 7.5p payable from earnings of 30.46p (25.02p).

### Interest rates hit Youghal Carpets

Interest rates were blamed by Youghal Carpets for a fall into loss for the six months to the end of June. On turnover of I£34m (I£29.86m), against I£33m the Irish-based company incurred a pre-tax loss of I£163,000 compared with profits of I£331,000.

Directors said that high UK interest rates had hit demand for tufted carpets but demand on the contract side and for Axminsters had not suffered to the same extent. The Irish market had been more buoyant.

The loss per share was 0.62p (0.2p earnings).

# Keeping the bugs out of the recipe

## Rachel Johnson explains how a Marks and Spencer supplier sets about making trouble-free food

Food technology has become more than a consuming interest of the food industry. This year has seen supermarkets clearing their shelves of baby food that might be spiked with glass, baked beans that might contain metal, and soft cheeses and patés that might harbour listeria.

Sales of all these foods are disrupted. The UK's £50m paté market was affected when pregnant women were advised not to eat the product after a survey showed that one in 10 tested products contained the bacterium listeria monocytogenes.

The microbiologists in Leeds who carried out the survey judged that the organisms had entered the patés as a result of "unsound food processing." The contamination had arisen during manufacture.

In response to the scares, the UK Government has published the White Paper on Food Safety. A company cited by the Commons Social Services Committee as "a model of good practices other manufacturers and retailers should aspire to" was Marks and Spencer.

M and S employs 120 qualified food technologists, with degrees in food science, technology, microbiology, nutrition or home economy. These technologists work with suppliers to develop a product, then scale it up to mass production levels, using food technology to try to ensure that the taste, quality and safety of the product are consistent and irreproachable.

Paté is an example of cook-chill food — the success of a decade in which many people have been too busy to cook. Some scientists say it is risky. M and S says it has honed the production of prepared dishes to minimise risk.

It takes nerve to introduce a new paté on to the shelves these days. But with listeria-in-paté scares well in mind, M and S is in the middle of trials for a new variety, chicken liver and bacon.

"A product's life starts with day of kill," says food technologist Sally Honey, pointing at a sack of chicken livers in a walk-in refrigerator at Sun Valley Poultry in Hereford, a supplier of M and S chicken dishes.

Chicken liver and bacon paté is being made today, a 500-pot test run of a product that might be sitting next to Luxury Duck and Orange early next year, if all goes to plan and the end result tastes good enough.

The sack of livers — together with pork fat, streaky bacon, sherry, rusk, soya protein and other sieved ingredients — is kept chilled in the "raw" side of the food factory. The quantities have been weighed out on digital scales and labelled with type, date and weight to make sure the product is used within its shelf life.

Raw and cooked foods are prepared in different parts of the factory, by different staff who are kept segregated. "The principle of separating the raw and the cooked is the cornerstone of food technology," says David Jefferies, technical manager at the Yazor Road factory.

When a product is cooked, it passes through a "sterile barrier" to the "high care" side of the factory — the side which requires the most stringent procedures because bacteria grow rapidly in cooked foods at room temperature.

"The secret is to get it from a high temperature to a low one as soon as possible and keep it there," says Jefferies. Salmonella and listeria are killed at temperatures above 72 deg C and cannot grow in temperatures below 5 deg C. If at any point in the chain the temperature goes too low or too high to meet EC guidelines of food safety, the entire batch is rejected at a cost of thousands of pounds.

The chicken livers are hand-washed under high-intensity lights by staff who are as hygiene-controlled as the factory itself. While blood tests are not company policy yet, staff are tested to see whether they are salmonella carriers. Before entering a high-care zone, they must don hats, hair nets and boots, and wash their hands with an alcohol solution.

The chicken liver washers have each had an eye test for colour blindness so that discoloration, stones and feathers do not pass unnoticed into the vast chopping bowls.

The ingredients are reduced to a fine emulsion at a low speed (so as not to raise the temperature too soon) in stainless steel lidded bowls, designed for paté production at Sun Valley and made by Laska of Austria. Automatic rotary blades swirl the ingredients to smoothness before the bacon is scattered in by hand by rubber-gloved staff.

Each piece of equipment, and each M and S product, has its own specification. The cleaning routines involve the equipment being scrubbed several times a day and sterilised with a detergent called Tego.

The paté trial's confidential draft specification runs to 17 sections, detailing ingredients, cooking procedures, weight, sampling and testing for bacteria, pathogens and food poisoning organisms.

Before being piped into pots, the mixture passes through a metal detector, a plastic tube with a magnetic field. If metal is detected, the pumping is stopped, a valve opens and the pate is dropped out. "Glass is not allowed on site," Sally Honey says.

The paté then goes through a Mondini filler, where its temperature is checked by a digital thermometer, into heat-resistant plastic pots.

A machine stamps on a laminated lid with an airtight heat seal, and the 183 gram pot of paté goes through another metal scan. The metal detector itself is tested several times a day, when a random tub is impregnated by a ferrous ball, 3 mm across, and sent past it.

To prevent staff simply removing contaminated samples, the detector signals the presence of metal by flashing a red light and dumping the affected pot into a locked container, to which only quality control staff have access.

One of the capped, hair-netted and gloved members of staff dealing with ingredients at Sun Valley Poultry

After the paté pots have been squeezed to test for leaky seals, they are loaded on to trays for cooking. To make sure the mixture reaches an internal temperature of 82 deg C for at least 10 minutes, to kill all bacteria, there are two precautions:

- Staff manually test pots during cooking with a needle probe digital thermometer.
- A machine called a Data PaQ, developed to register the heat of paint on new cars, keeps a written record of the operator, cooking time and temperature of each product. The records are checked daily, and if anything is wrong there is time to pull the batch before it hits the shelves.

The cooled tubs are enticingly packaged, "sleeved" and dispatched in BOC Transhield lorries, refrigerated with liquid nitrogen, to the stores.

Samples are simultaneously dispatched to the laboratories and the testing rooms, where the "hazard analysis" continues. Mark Pattison, in charge of 15 staff in the chemistry, veterinary and microbiology labs, says Sun Valley has taken on an extra scientist simply to cope with the additional work of running an extra analysis for food-borne listeria on chicken products.

"A small quantity of the product is mashed with sterile water, then organisms induced to grow in agar jelly. Then we count the colonies of bacteria and check them against specified limits for the products," says Pattison.

"The results come through before the products reach the stores." There are weekly product tests for salmonella, clostridia perfringens (botulism) and faecal streps; daily for E. Coli (a bacteria associated with faecal contamination), bacilli cereus and a special test for listeria.

In the factory tasting room, staff sample the paté for texture and flavour. The chicken liver and bacon trial run was pronounced "nice and bacony" by Sally Honey, but a shade overpowering by others.

Meanwhile, thousands of dishes are on sale in the Food Halls, ready for the consumer to pass off as made at home — where the hygiene risks may well be many times greater.

### Fish shells have hidden depths

NEXT time you eat crabs, shrimps or oysters, remember that the shells you toss away contain a substance which promises to be the wonder ingredient of the 1990s.

Chitin is one of the world's most common polysaccharides, but until recently it has been dismissed as a waste product.

Organic chemists are working on ways to use its derivative, chitosan, in everything from face powder to agriculture. Technical Insights, of New Jersey, predicts that sales of the two substances will reach $2bn a year by the end of the 1990s.

The unusual property of chitosan is that it is positively charged and so is attracted to negatively charged molecules, such as protein. In cosmetics, for example, chitosan helps the potion stick to the skin or hair.

In Japan, chitosan is already used in water treatment plants because the large polysaccharide molecules bind to protein waste or metal particles, making them easier to extract.

Leading the field in chitosan production are about 20 Japanese companies, although their American and European counterparts are jumping on the bandwagon.

### Bullet-proof protection

AS MORE banks and building societies consider removing the glass barrier between clerks and customers, they are faced with a big security problem.

To help solve it, Safetell, of Bromley, Kent, has inverted the idea of bringing down the hatches by developing an armoured screen which rises from the counter to the ceiling in less than half a second.

The bullet-proof carbon steel barrier is coated with an anti-ricochet composite to prevent bullets bouncing off and injuring customers.

Designed and developed in Australia and the UK by Safetell, a Tate & Lyle subsidiary, the security screen can be raised by a clerk — using a foot pedal for example — or remotely by the bank supervisor.

An air reservoir, stored in the frame of the screen, activates the pneumatic pistons which shoot the telescopic screen from the counter recess to the ceiling. Internal brakes slow down the screen for the last third of its journey to prevent structural damage.

### Radar tracking of historic sites

THOSE disturbed by the row over the future of the Rose Theatre excavation, in London, will be pleased to learn of a development that enables historical sites to be found and examined before the builder starts digging.

A combination of radar and advanced computer parallel processing techniques means that three-dimensional (3-D) maps can be produced on screen of structures up to 30 metres below the surface.

The machine, designed by Geospace Consultancy Services, of Edinburgh, resembles a cross between a lawn mower and a vacuum cleaner, with a screen.

As it is pushed across the ground, a radar signal is sent downwards. From the speed at which the signal travels, the computer can calculate what obstacles are there, be they part of an ancient monument, water pipes or telephone cable. The machine can also draw more widespread, but less accurate, maps when suspended from a helicopter.

For every linear metre of ground covered, the machine gathers 1 Megabyte of data, so that in one day 2,000 Mbytes can be collected.

### Colour on a lap-top

BILLED as Europe's first colour lap-top computer, the Hitachi HL4000C looks set to steal a march on rival systems with a 6.33 in liquid crystal display (LCD) which produces graphs and pictures in eight colours.

The HL4000C, and three monochrome portable machines, will be on sale from November. A version with a 10 in colour screen should be available within a year.

The IBM-compatible machine has 1 Mbyte of memory (expandable to a 20 Mbyte hard disk) and a built-in rechargeable battery, which lasts for up to three hours of continuous use.

## WORTH WATCHING

Edited by Della Bradshaw

The machine uses Hitachi's thin film transistor technology (TFT), a technique already employed in the company's miniature television sets. This "active matrix" technology means that each of the 384,000 pixels, or colour elements, is controlled by its own transistor.

The HL4000C costs £3,995.

### Green light for car emission test

A COIN-operated test kit is about to appear on garage forecourts, designed to tell drivers how much carbon monoxide is emitted by their cars.

Carbon monoxide not only causes breathing difficulties, but also contributes to the greenhouse effect. Emissions look set to be restricted by imminent European legislation.

Customers using the service place a pipe over the car exhaust and leave the engine running. The gases pass into a glass tube and an infrared beam is shone through. A sensor at the far end measures how much of the light spectrum is taken up by the carbon monoxide and so calculate how much of the toxic gas is being produced.

Resembling a set of traffic lights in design, the Green Machine, as it is called by manufacturers Britest of Nottingham, tells the car owner the result via an illuminated sign. A green light means the carbon monoxide content is below 1.5 per cent and an amber light denotes it is between 1.5 and 2.5 per cent. Over that, you get a red light.

CONTACTS: Technical Insights: US, 201 568 4744. Safetell: London, 464 6556. Geospace: UK, 031 453 6272. Hitachi Europe: UK, 0734 311244. Britest: UK, 0773 532 044.

## THE PROPERTY MARKET

# A grey, not a golden, autumn

By Paul Cheeseright, Property Correspondent

Property shares have been thoroughly out of favour. The sector has been out-performed by the rest of the market. Trading has been flat, that summer splurge of activity set off by takeover activity has long since subsided. The sector is stagnant.

The FT-Actuaries property share index hit its peak on September 5, but it has been downhill since then. Investors have drifted away, clearly believing that the sector is in for a difficult couple of years.

To be sure, it is easy enough to conjure up dismal scenarios. And to the extent that a slowdown in rental and capital growth is likely – indeed, is appearing, as the latest IPD index shows – the prospects for property companies are less exciting than they have been.

For stockbrokers Citicorp Scrimgeour Vickers, "though the historically high share price discounts to current net asset values (averaging 30 per cent) and the sector's relative underperformance over 1989 (of 15 per cent) look a bit overdone, they are understandable."

The development and trading companies have fared little better. Out of fashion since October 1987 they have been trading frequently on a price-earnings ratio of less than 10.

But the stockbroking community generally does not think there is going to be a crash. A slow-down certainly, but not a crash. "We regard suggestions of imminent doom throughout the sector as unwarranted," CIBC Grenfell & Colegrave told clients.

But there are enough adverse factors at play in the property market to make stock market sentiment gloomy. And these factors start with the high level of interest rates – shades of 1974. They have taken their toll, Mr John Beckwith, chairman of London & Edinburgh Trust, reminded his shareholders this week.

The fear, of course, is that the higher cost of money will generate bankruptcies and forced sales of property at the same time as a slow-down in demand meets the results of the recent development splurge. Clearly there is some substance in this fear.

Most of the better financed property groups have received in recent months an increasing number of offers to buy properties and enter joint ventures. The higher interest rates are hurting the smaller players and recent entrants to the industry.

But that needs to be set against the fact that overall the level of quoted company borrowing is not high and that asset backing is continuing to rise in value. "All the major companies have a gearing of under 40 per cent," calculated CIBC Grenfell & Colegrave. Trouble is most likely to hit the smaller and least cautious of the property fraternity.

The property share market has never been at home with high interest rates and it became even less so when the creditors moved in at Kentish Property, the residential developer. But latterly this uneasiness has been compounded by chartered surveyors' estimates of rising amounts of space becoming available, especially in the City of London market.

It is easy to play around with supply and demand statistics, especially when the supply figures can be firmly calculated and the demand figures remain at the level of an educated guess. But the spectre of empty office buildings further rocked sentiment.

There is another side to this. The biggest property investment groups – Land Securities, MEPC, Hammerson, British Land and so on – have seen it before. They just plug on. But they will do so with more optimism this time.

**'We regard suggestions of imminent doom in the sector as unwarranted'**

The reason is the factor which has underpinned the industry's recent prosperity. "We believe," said stockbrokers Charterhouse Tilney, "that unlike previous property cycles the cornerstone of property's performance over the next few years will be continued tenant demand as Britain undergoes an urban regeneration of a scale not seen since the Second World War.

"This will mean a continued relatively high level of supply but a supply for which there will be ready takers at very respectable rental levels," Charterhouse Tilney declared.

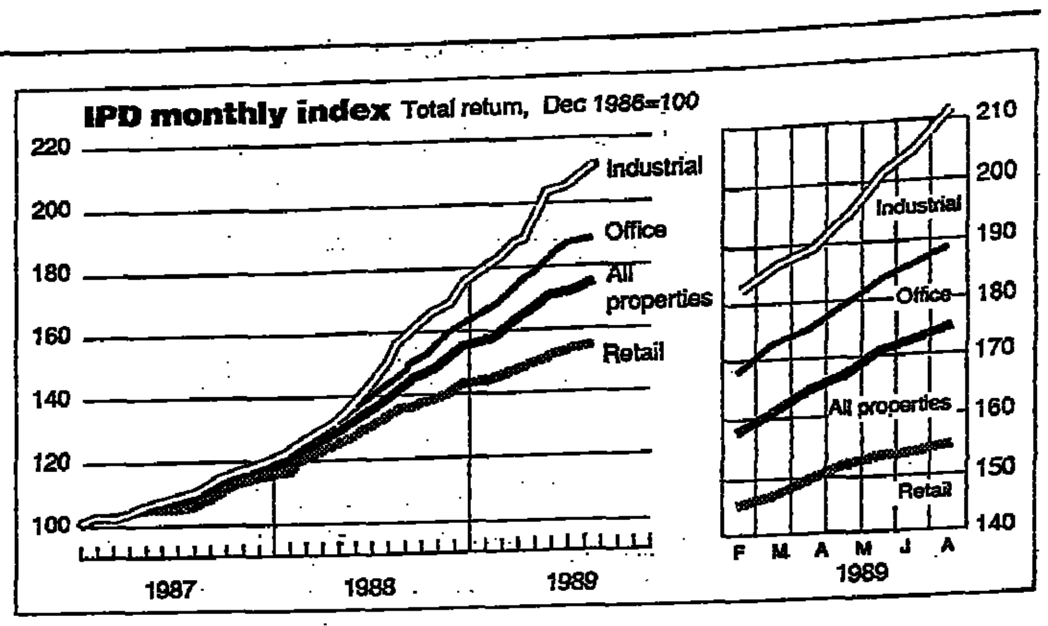
It has to be said that although tenants, particularly in the central London market, may be taking their time to book space, they are booking it. There is a deal of foreign money in the market looking more for long-term opportunities than for a quick turn.

It is possible then to set the gloomy stock market sentiment into a wider and cooler perspective. At the same time it is difficult to see that there are any *immediate reasons* why the gloom should lift. Underlying factors do not change from day to day.

There might, it is true, come a realisation that with stocks on a 30 per cent discount to net asset value, most bad news that can be envisaged is already written off in the current level of share prices. More likely sentiment will change from outside factors or a burst of corporate activity.

The main outside factor which would give the stocks a spurt of activity would be a fall in interest rates. But given the latest set of trade figures, there are not many who would bank on that happening soon.

Corporate activity, with the *larger companies buying up* the smaller and less well-funded, has been on the cards for some months and becomes more probable the longer the financial squeeze lasts. There has been a considerable amount of activity already this year with the takeover, most notably of Arlington Securities, Imry Merchant Developers and Randsworth Trust but none of this has sprung from the immediate economic situation. For the stock market, the autumn looks more likely to be grey than golden.




# Returns up, growth down

Returns on property investment are rising, but the rate of growth *is slowing, continuing the* trend that set in at the beginning of the year.

The August portfolio measurements from the Investment Property Databank show that the annual rate of return has slipped to 23.5 per cent from 31.7 per cent at the end of December 1988. "Total return for this year, if projected at a continuance of the rate for the first eight months, will be 20-21 per cent," IPD said.

Best returns have again come from the industrial sector, which, with an August total return of 2.9 per cent, produced its second highest figure of the year. By comparison the total return from offices was 1.3 per cent and for retail property 0.9 per cent.

Yields on industrial properties moved downwards as capital values rose by 2.4 per cent during the month, making 7.3 per cent over the last three months. Industrial rental values rose 1.5 per cent.

But for both offices and retail property the rental growth was the lowest in August for the year so far at 0.8 per cent and 0.6 per cent respectively.

Equally, capital growth was sluggish and the annual rate for retail property has slipped below 10 per cent for the first time since 1986. At 0.9 per cent, the capital growth in the office sector was the lowest of the year.

Against the background of slowing returns, the institutions measured by IPD have continued to trade their property and recently there has been an escalation of activity.

But, by capital value during the year to August, sales outnumbered purchases in the retail sector and in offices. Only with industrials were purchases more than sales.

## INTERNATIONAL PROPERTY









## ART GALLERIES

















## CONTRACTS & TENDERS

## COMMODITIES AND AGRICULTURE

# Brazil's coffee chief plans tough stance at pact talks

By John Barham in Sao Paulo

MR JORIO Dauster, president of the Brazilian Coffee Institute, said yesterday that any *attempt to negotiate a new* International Coffee Agreement would have to take into account the consolidation of Brazil's lead in the coffee market.

He explained that the IBC had encouraged heavy coffee sales since the abandonment in July of the agreement's price-supporting export quota system, broadening its former one-third share of the world market. "It is not possible to reconstruct the status quo," said Mr Dauster, "the problem now is more complex." Mr Dauster, who leaves today to head the Brazilian delegation at the second week of the International Organisation's annual meeting in London, said he saw little chance of reactivating the agreement.

"There has been no change in any country's attitude," he said, "and as long as the original impasse that led to the *agreement's collapse is not* dealt with, there can be no new accord."

Mr Dauster added, however: "I will discuss anything. Brazil is a country of dialogue, but we have a clear, defined and coherent position."

He said that Brazil would support any "viable" proposal to revive the agreement as long as it did not reduce Brazil's quotas.

The agreement collapsed in July when Brazil, the largest coffee producer, rejected attempts to reduce its share of ICO export quotas. The US, the largest consumer, attacked the widening gap between free market prices and the higher prices paid under the terms of the coffee agreement.

Coffee prices have fallen by about 40 per cent since the collapse of the agreement.

US President George Bush has come under intense *diplomatic pressure from Colombia,* the world's second biggest coffee producer, to back the resurrection of the export quota system.

Last night President Bush was meeting President Virgilio Barco of Colombia in Washington. Apart from briefing the US president on Colombia's drug war, President Barco is expected to raise the coffee issue again.

Coffee is Colombia's main legal source of foreign exchange, accounting for about a third of its export receipts.

The ICO talks in London have made little progress this week. Yesterday traders on the London Futures and Options Exchange (Fox) said they did not expect any major decision's to be made before Mr Dauster's arrival on Monday.

# India and Bangladesh plan jute strategy

By K.K. Sharma in New Delhi

INDIA AND Bangladesh have agreed to formulate a joint strategy for marketing jute in world markets in the hope of getting better prices for the commodity.

At Ministerial talks on the subject this week, they agreed that such a strategy was needed to tackle the challenge posed by synthetic fibres.

Between them the two countries account for nearly 80 per cent of the world's jute production. They feel that global environmental concerns about synthetic packaging materials have generated a new interest in jute and hope to exploit this through promotional measures aimed at stimulating demand.

They have agreed to share their know-how to develop jute cultivation and diversify jute products so that the world market share for the commodity could be increased. For this, they agreed to take steps to increase raw jute productivity and improve quality.

Bangladesh has sought Indian help to modernise its jute industry and this is to be given so that Bangladesh can develop its own technological capabilities.

India recently contributed $40,000 to the International Jute Organisation to launch a promotional campaign and Bangladesh has agreed to allot $25,000 for the same purpose.

India has noted an increased demand for jute in recent months. Jute goods worth Rs 820m (£30m) were exported from April to July compared with Rs 750m in the same period last year, according to Mr R.N. Mirdha, Minister of Textiles.

# Deadline for tin settlement extended

CREDITORS OF the International Tin Council yesterday extended for a month the deadline by which they want the 22 ITC member countries to settle out-of-court their claims arising from the 1985 collapse of the ITC's tin price support scheme, Reuter reports.

The creditors say they are willing to accept £187.5m in settlement but talks between council representatives in London for the past week ended still £12m short of this target.

Delegates said creditors had given more time to take the pressure off those countries which are *being asked to fill* the gap. The next ITC meeting is scheduled for October 25 and 26.

# Sheep turned away at Suez Canal

By Tony Walker in Cairo

EGYPT HAS refused to allow a shipment of 10,000 Australian live sheep to be transhipped through the Suez Canal on the grounds that the animals are diseased.

The Italian owners of the sheep have now been obliged to move the ship, the El Cordero, into international waters away from the Egyptian coast while negotiations continue onshore to secure passage through the Canal.

There have also been problems about securing adequate feed for the sheep. The local agent said he had arranged for 35 to 40 tons of fodder to be loaded on board in international waters, after the Egyptians refused to allow feed to be transferred to the El Cordero while it was in port.

Egypt's decision to block passage to the sheep is a further body-blow to the Australian meat and livestock industry whose A$230m annual live sheep trade to the Middle East has been thrown into turmoil following claims by Saudi Arabia and Abu Dhabi that some of the sheep are diseased.

The rejected cargo of Australian sheep has been on the high seas for about two months after beginning its "voyage of the damned" in Fremantle, Western Australia. The sheep have been turned away from Dammam in Saudi Arabia, Abu Dhabi in the United Arab Emirates, the port of Aqaba in Jordan and now Port Suez at the southern entrance of the Suez canal.

SIBA, the Italian owners of the shipment, had planned to transfer the sheep to smaller vessels in Port Suez for passage through the canal for sale in Europe.

Offers by the Australian Government to "donate" the sheep to countries in the Middle East have all been rejected. Jordan and Egypt, among other regional states, said they could not accept a "gift" of the allegedly contaminated Australian sheep.

Saudi Arabia claimed the sheep were suffering from "blue tongue" and "sheep pox." Abu Dhabi rejected them on the grounds that they were brucellosis carriers which can cause Maltese fever in humans.

Australian officials in the region have strenuously denied that the sheep were diseased. They have demanded international verification of the tests that have been carried out.

An Australian businessman involved in the live sheep trade today accused Middle East states of "killing our production and Australia's reputation." The businessman, who did not wish to have his name or that of his organisation published, said that Australian sheep were "beautiful and healthy."

The whole issue, which has been given extensive coverage in the Arabic press throughout the Middle East, has been highly embarrassing for the Australian Government and for the Australian Meat and Livestock Corporation, which markets of Australian meat products in the region.

Australia has been obliged to suspend shipments to the lucrative Saudi market. The Saudis were importing up to 3.5m live sheep annually out of total Australian exports of 7m.

Egypt's refusal to allow the sheep to be transhipped to two smaller vessels in its territorial waters and to withhold permission for the shipments to pass through the Suez canal will attract further unwelcome attention to the live sheep issue.

The Australian embassy in Cairo refused comment yesterday, saying that it was a matter for the local agent. A representative of SIBA said that efforts were still being made to secure Egyptian permission for the sheep to be transhipped through the canal.

He said that Egypt's quarantine authorities had raised no objection to the sheep pasing through the canal, but the Navy had vetoed passage. The military was concerned, he said, that sheep might die in transit and be tossed overboard in the canal.

The sheep were originally transported to Saudi Arabia by the Saudi Transport and Trading Company. When they were rejected in Dammam, SIBA acquired them for sale elsewhere. The drama continues.

# Good start for base metals index

By Kenneth Gooding, Mining Correspondent

METALLGESELLSCHAFT, the diversified West German natural resources group, says that trading in its new MG Base Metal Index is off to a better-than-expected start.

The group says that the new over-the-counter trading instrument was particularly designed to attract institutional investors who were previously wary of putting money into individual metals markets. The effect should be to give the metals markets increased liquidity.

Since the launch of trading at the begining of August, MG says that more than 2,500 contracts have been traded and that six out of ten customers are financial institutions.

"This proves that there was and is a need for such an instrument. In less than two months we traded more contracts on the MGMI than aluminium contracts were traded on Comex (the New York Commodity Exchange) in the whole of 1988," says Mr Patrick Crabbe, the director responsible for launching trading in the index in London.

Trading, 24 hours a day, is handled by MG in Hamburg, Switzerland, Tokyo and Seoul as well as London. It is now looking for an exchange where the index could be traded.

The most obvious one is the London Metal Exchange but so far the LME has been taking a "wait and see" attitude. The exchange in the past has considered launching its own base metals index and undoubtedly this has influenced its response to MG's overtures.

Mr David King, the LME's chief executive designate, said yesterday that the exchange would watch the progress of the MGMI closely but he doubted if any action would be taken quickly.

*Market reaction to the MGMI* is divided. Some suggest it has great potential and could repay MG's heavy launch investment very quickly. Others are just as sure it will quickly fade away.

The MGMI is quoted in US dollars and based on a "basket" of six base metals traded on the LME, weighted according to the consumption of each in the western world relative to total western world consumption of all six metals: aluminium 42.6 per cent; copper 25.4 per cent; zinc 16 per cent; lead 13.5 per cent; nickel 1.9 per cent and tin 0.5 per cent.

# Wool holds back Australian commodity earnings

By Chris Sherwell in Sydney

THE AUSTRALIAN Government, in a quarterly review of export earnings from the commodities sector in the current year, has again revised downwards its official forecasts for wool, the country's biggest resource export.

The forecast of A$4.9bn, made by the Australian Bureau of Agricultural and Resource Economics, covers the 12 months to June 1990 and compares with projections of A$6.5bn in March and A$5.7bn in June. In 1988-89 wool exports hit a record A$6.0bn.

The Bureau attributes the downward revision to weaker export demand and lower *average wool prices* – a trend which has already obliged the Australian Wool Corporation to purchase around 60 per cent of the wool offered in the current season through its floor price scheme.

The revision has also forced the Bureau to adjust downwards its June prediction of overall rural exports. It now says they will reach A$16.3bn in 1989-90 instead of A$17bn. This is still higher than last year's A$15.9bn, thanks to strong rises in exports of wheat, sugar and beef, but represents only half the growth rate.

Regarding mineral exports, the Bureau expects these to rise above A$23.5bn from A$20.5bn, an increase of around 15 per cent compared with 9 per cent last year.

Aluminium is the only mineral commodity expected to show a significant fall in earnings, but this will be more than offset by a larger increase in exports of alumina (aluminium oxide).

Gold production is forecast at 210 tonnes, up 13 per cent, while gold exports are put at 180 tonnes with a value of A$2.9bn, up from last year's 155 tonnes at A$2.5bn. This will make gold Australia's fourth largest commodity export.

Increased earnings are also forecast for the bulk commodities coal and iron ore, and for liquefied natural gas, which is now being exported to Japan from the A$12bn North West Shelf project.

Overall, the Bureau forecasts that Australian commodity exports will fetch A$39.8bn in 1989-90, up nine per cent. "Although this figure, if realised, would be a record level," it says, "it is somewhat lower than earlier expectations, largely reflecting revisions to the outlook for wool exports."

The Bureau also points out that, unlike last year when the growth in commodity exports reflected higher export prices, this year's performance will be dominated by a substantial 11 per cent increase in volumes. It forecasts a marginal decline in prices, following a 7 per cent rise in 1988-89.

# Brussels tries to defuse levy row

By Tim Dickson in Brussels

FINANCIAL PRESSURES on the European Community's cereals farmers could be eased marginally if member states agree to a proposal quietly adopted by the Brussels Commission.

The move represents a modest concession by the Agriculture Commissioner Mr Ray MacSharry to those who have been campaigning against the 3 per cent additional co-responsibility levy on cereals – a controversial tax introduced after the famous 1988 EC "stabilisers" Summit designed to discourage overproduction.

Under the rules of the regime there is the "basic" 3 per cent levy, imposed before the 1988 summit and which has to be paid in all circumstances, as well as the "additional" 3 per cent penalty which applies only if the annual cereals harvest throughout the Community exceeds 160m tonnes. On top of this, of course, there are the cuts in the guaranteed price, also triggered above the 160m tonne limit.

As things stand the extra 3 per cent co-responsibility levy has to be collected from farmers in October pending precise determination by the Commission of the final harvest figures (an exercise which it is not obliged to complete until March 1). What the lobbyists argue is that in years when the harvest is likely to undershoot this so-called maximum guaranteed quantity – and until recently 1989-90 appeared to be very close to this – producers are shouldering an unfair burden in the form of the adverse effect on cash flow.

*Now the Commission has* proposed that Brussels makes two annual crop estimates – one in September on which early payment (or not) of the additional co-responsibility levy would be based, another at the end of the season which would be the definitive figure

# Palm oil producers launch 'informal' cartel

MALAYSIA'S MAJOR oil palm plantations, which control more than 60 per cent of the country's production, have launched an informal cartel to try to support prices, Kuala Lumpur traders said, reports Reuter.

The growers have agreed not to sell crude palm oil below 720 ringgit (£166) a tonne and to hold surplus stocks beyond the peak production months, an executive at one plantation house said.

"We decided to get together to stop palm oil prices from falling further after they hit rock bottom in early August," he added.

Crude palm oil prices, which have been depressed by excessive stocks during current high-output months, hit a 30-month low of R645 a tonne on August 10. They have since recovered to more than R750 a tonne.

Peak output runs from July to November in Malaysia, which produces more than 60 per cent of the world's palm oil.

The Malaysian Oil Palm Growers' Council declined to comment on the price-control effort.

However, producers said it included the state-owned Federal Land Development Authority, Sime Darby, Kuala Lumpur Kepong, Kumpulan Guthrie, United Plantations and Harrisons Malaysian Plantation.

"This holding of stock is nothing abnormal during peak months," said Mr Oo Leng Hwa, marketing chief of Kuala Lumpur Kepong. "It is to ensure we won't go short."

Mr Oo said growers were unhappy with the huge discount on price palm oil prices against soyabean oil, which was currently selling for about 50 per cent more than palm oil.

Plantations said they had to work together now as, *although there were a few big* buyers of palm oil, there were too many small sellers in the international market.

They said the main buyers were the Soviet Union, Pakistan, India and Middle Eastern countries.

Plantations executives said their chief fear was that oil would be sold below the agreed price by millers, who generally did not have the capacity to hold more than two weeks' output.

"We are out of the worst now. The bottom is history, you won't see it again this year," one said.

The relatively low palm oil price has attracted demand. Prices surged last week after trade talk of a large Soviet purchase, reported *to be for 70,000* tonnes of oil for November shipment.

But traders said stocks, which the trade expected to hit 850,000 tonnes at the end of this month from last month's official 783,182 tonnes, were still a dampening factor.

## LONDON MARKETS

TIN prices rose sharply late in the day on the LME. Traders said active buying of both cash and three months delivery *from an influential merchant, recently* evident as a seller, sparked the market into life after a dull day in which prices had been moving very narrowly. Three-month zinc closed above the $1,665 a tonne resistance level, signalling the potential for further gains today, traders said. Copper prices rose early on trade buying and shortcovering after news that Japanese smelters were becoming concerned at the length of the labour dispute which has shut down Canada's Highland Valley copper mine since July 6. Cocoa closed sharply lower as prices followed New York down in the afternoon. Fundamentals remained *bearish, dealers said.* Sellers had the upper hand and prices were testing underlying support by the close.

**SPOT MARKETS**

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $15.75-5.85q | +0.35 |
| Brent Blend | $18.00-8.10w | +.475 |
| W.T.I. (1 pm est) | $19.80-9.85q | +0.35 |
| **Oil products** | | |
| (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $213-215 | -1 |
| Gas Oil | $171-172 | +1 |
| Heavy Fuel Oil | $95-96 | $+2\frac{1}{2}$ |
| Naphtha | $156-157 | +4 |
| *Petroleum Argus Estimates* | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $366.5 | -2.0 |
| Silver (per troy oz)♣ | 527c | +1 |
| Platinum (per troy oz) | $491.25 | -1.00 |
| Palladium (per troy oz) | $138.25 | -2.50 |
| Aluminium (free market) | $1715 | -10 |
| Copper (US Producer) | 135½-144c | $-1\frac{1}{2}$ |
| Lead (US Producer) | 40.5c | |
| Nickel (free market) | 500c | -5 |
| Tin (Kuala Lumpur market) | 21.64r | +0.04 |
| Tin (New York) | 377.5c | +2.5 |
| Zinc (US Prime Western) | 80.25c | |
| Cattle (live weight)† | 117.83p | +1.38* |
| Sheep (dead weight)† | 144.61p | +2.81* |
| Pigs (live weight)† | 103.32p | -5.67* |
| London daily sugar (raw) | $358y | +4 |
| London daily sugar (white) | $427y | -1 |
| Tate and Lyle export price | £338 | +5 |
| Barley (English feed) | £108.9w | |
| Maize (US No. 3 yellow) | £123w | |
| Wheat (US Dark Northern) | £124w | |
| Rubber (spot)♥ | 56.50p | -0.25 |
| Rubber (Nov)♥ | 59.50p | -0.25 |
| Rubber (Dec)♥ | 60.25p | -0.25 |
| Rubber (KL RSS No 1 Oct) | 224.5m | -1.0 |
| Coconut oil (Philippines)§ | $510v | |
| Palm Oil (Malaysian)§ | $327.5w | |
| Copra (Philippines)§ | $315 | |
| Soyabeans (US) | £162q | |
| Cotton "A" index | 80.1c | -1.2 |
| Woottops (64s Super) | 587p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Aug/Sep. v-Sep/Oct. w-Oct. q-Nov. z-Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

**COCOA – London FOX** £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 900 | 750 | 745 | 735 |
| Dec | 774 | 795 | 799 | 768 |
| Mar | 741 | 756 | 759 | 735 |
| May | 747 | 761 | 763 | 740 |
| Jul | 761 | 774 | 778 | 757 |
| Sep | 779 | 789 | 791 | 770 |
| Dec | 802 | 818 | 820 | 798 |

Turnover: 7028 (4345) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 28 883.44 (903.75) :10 day average for Sep 29 900.73 (906.26)

**COFFEE – London FOX** £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 749 | 768 | 760 | 749 |
| Nov | 767 | 779 | 779 | 763 |
| Jan | 774 | 785 | 783 | 769 |
| Mar | 790 | 801 | 797 | 785 |
| May | 806 | 818 | 815 | 800 |
| Jul | 830 | 833 | 830 | 823 |
| Sep | 850 | 851 | 845 | 843 |

Turnover: 2485 (2317) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 27: Comp. daily 66.76 (68.31). 15 day average 69.02 (69.16)

**SUGAR – London FOX** ($ per tonne)

| Raw | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 324.00 | 325.60 | 330.00 | 319.00 |
| Dec | 314.00 | 318.80 | 317.00 | |
| Mar | 308.80 | 314.00 | 317.40 | 306.80 |
| May | 304.00 | 308.20 | 311.20 | 302.00 |
| Aug | 298.00 | 302.00 | 304.00 | 300.40 |
| Oct | 287.00 | 289.20 | 291.00 | 287.00 |
| **White** | | | | |
| Dec | 385.00 | 402.00 | 402.00 | 392.50 |
| Mar | 392.00 | 396.50 | 398.00 | 389.50 |
| May | 393.00 | 395.00 | 396.00 | 391.00 |
| Aug | 392.50 | 394.50 | 393.00 | 390.20 |
| Oct | 376.00 | 382.00 | 381.00 | 376.00 |
| Dec | 371.00 | - | 377.00 | 374.00 |

Turnover: Raw 5282 (8419)lots of 50 tonnes. White 2329 (2370).
Paris- White (FFr per tonne): Dec 2525, Mar 2505, May 2495, Aug 2510, Oct 2420, Dec 2420.

**CRUDE OIL – IPE** $/barrel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 17.90 | 17.50 | 17.89 | 17.65 |
| Dec | 17.75 | 17.50 | 17.74 | 17.60 |
| Jan | 17.62 | 17.48 | 17.64 | 17.59 |
| IPE Index | 17.66 | 17.47 | | |

Turnover: 6288 (11154)

**GAS OIL – IPE** $/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 170.50 | 167.00 | 170.50 | 168.50 |
| Nov | 169.25 | 165.75 | 169.25 | 167.25 |
| Dec | 168.25 | 165.00 | 168.25 | 166.25 |
| Jan | 166.50 | 163.25 | 166.75 | 165.25 |
| Feb | 163.00 | 160.50 | 163.25 | 162.00 |
| Mar | 157.00 | 157.00 | 157.25 | 156.75 |
| Apr | 152.00 | 151.50 | | |
| May | 156.00 | 154.50 | | |
| Jun | 156.00 | 152.50 | | |

Turnover 8530 (9131)lots of 100 tonnes

**FRUIT AND VEGETABLES**

One of this week's best buys are Cox's apples 25-50p a lb, reports FFVIB. Also plentiful are Bramley apples 20-40p. Bananas are unaffected 40-55p. Seedless grapes including Sultana and Thompson are in at 20p-£1.20. Broccoli remains a good buy at 40-60p and red and white cabbage are 20-30p. Cauliflowers are super value 30-60p each, and Brussels sprouts are rising in supply 30-50p a lb, a sure sign winter is on it's way. Celery are in at 30-60p a head. Cucumbers remain 30-60p each. Lettuce continues to be a good buy 40-60p. Tomatoes are also plentiful with beef 50-80p a lb and red cherry 60-80p a ½ lb.

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Ring turnover 7,425 tonne |
| Cash | 1717-20 | 1717-22 | | 1714-6 | | |
| 3 months | 1715-8 | 1710-5 | 1717/1705 | 1712-5 | 1717-9 | 32,076 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Ring turnover 34,175 tonne |
| Cash | 1746-7 | 1719.5-20.5 | 1748/1745 | 1744-6 | | |
| 3 months | 1745-6 | 1719-20 | 1749/1742 | 1746-7 | 1748-9 | 71,000 lots |
| **Lead (£ per tonne)** | | | | | | Ring turnover 5,350 tonne |
| Cash | 457-8 | 457-8 | 462/458 | 461.5-2 | | |
| 3 months | 457-8 | 455-6 | 460/455 | 458-9 | 458-9 | 13,418 lots |
| **Nickel ($ per tonne)** | | | | | | Ring turnover 768 tonne |
| Cash | 10875-925 | 10850-950 | 10900 | 10875-900 | | |
| 3 months | 10625-50 | 10600-50 | 10650/10600 | 10600-25 | 10600-50 | 5,901 lots |
| **Tin ($ per tonne)** | | | | | | Ring turnover 1,365 tonne |
| Cash | 8230-45 | 8160-80 | 8410/8150 | 8140-50 | | |
| 3 months | 8270-80 | 8220-30 | 8400/8225 | 8225-30 | 8400-20 | 5,503 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Ring turnover 9,725 tonne |
| Cash | 1655-8 | 1647-9 | 1663/1662 | 1662-3 | | |
| 3 months | 1668-9 | 1652-3 | 1675/1660 | 1662-5 | 1673-5 | 13,677 lots |
| **Zinc ($ per tonne)** | | | | | | Ring turnover 2,525 tonne |
| Cash | 1620-30 | 1600-10 | 1610 | 1610-1 | | |
| 3 months | 1605-15 | 1585-95 | | 1595-600 | 1605-15 | 5,001 lots |

LME Closing £/$ rate: SPOT: 1.6090 3 months: 1.5889 6 months: 1.5706 9 months: 1.5526

**POTATOES – BFE** £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 138.5 | 139.0 | 139.0 | 138.0 |
| Feb | 170.0 | 169.0 | 168.5 | |
| Apr | 209.0 | 210.3 | 212.0 | 207.9 |
| May | 235.5 | 236.9 | 238.0 | 235.0 |

Turnover 338 (519) lots of 40 tonnes.

**SOYABEAN MEAL – BFE** £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 143.00 | 143.00 | 143.00 | 142.00 |
| Dec | 139.50 | 138.50 | 139.50 | 138.50 |
| Feb | 140.00 | 140.00 | 140.00 | 139.50 |
| Apr | 141.00 | 140.00 | 141.00 | 140.00 |

Turnover 57 (103)lots of 20 tonnes.

**FREIGHT FUTURES – BFE** $10/index point

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 1422 | 1417 | | |
| Oct | 1483 | 1478 | 1485 | 1475 |
| Jan | 1567 | 1564 | 1573 | 1560 |
| Apr | 1605 | 1601 | 1610 | 1598 |
| Jul | 1398 | 1395 | | |
| BFI | 1421 | 1413 | | |

Turnover 592 (242)

**GRAINS – BFE** £/tonne

| Wheat | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 107.45 | 107.30 | 107.55 | 107.40 |
| Jan | 111.55 | 111.30 | 111.60 | 111.50 |
| Mar | 114.60 | 114.30 | 114.60 | 114.55 |
| May | 117.70 | 117.60 | 117.75 | |
| Jun | 119.50 | 119.25 | 119.40 | |
| **Barley** | **Close** | **Previous** | **High/Low** | |
| Nov | 103.50 | 103.40 | 103.50 | 103.15 |
| Jan | 107.55 | 107.55 | | |
| Mar | 110.70 | 110.55 | 110.60 | |
| May | 112.50 | 112.55 | 112.50 | |

Turnover: Wheat 166 (100), Barley 70 (93).
Turnover lots of 100 tonnes.

**PIGS – BFE** (Cash Settlement) p/kg

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 131.0 | 132.0 | 129.0 | |
| Nov | 132.5 | 133.0 | 131.0 | |
| Feb | 123.0 | 123.0 | | |
| Apr | 124.0 | 125.0 | | |
| Jun | 122.0 | 123.0 | | |
| Aug | 115.5 | 116.0 | 115.0 | 114.5 |

Turnover 26 (41) lots of 3,250 kg

**LONDON BULLION MARKET**

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 366¼-366¾ | 227¾-228¼ |
| Opening | 366-366½ | 227½-228 |
| Morning fix | 366.1 | 227.674 |
| Afternoon fix | 366.5 | 227.862 |
| Day's high | 366½-367 | |
| Day's low | 365¼-365¾ | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Mapleleaf | 377-382 | 234-237 |
| Britannia | 377-382 | 234-237 |
| US Eagle | 377-382 | 234-237 |
| Angel | 375½-380½ | 233½-236½ |
| Krugerrand | 365-368 | 227-229 |
| New Sov. | 86-87 | 53¼-54 |
| Old Sov. | 86-87 | 53¼-54 |
| Noble Plat | 497.15-505.00 | 309.75-314.85 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 327.15 | 525.55 |
| 3 months | 336.90 | 537.65 |
| 6 months | 350.75 | 549.45 |
| 12 months | 373.75 | 572.95 |

**TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Nov | Jan | Nov | Jan |
| 1600 | 132 | 127 | 4 | 19 |
| 1700 | 56 | 65 | 26 | 55 |
| 1800 | 15 | 28 | 84 | 114 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2650 | 197 | 185 | 35 | 95 |
| 2750 | 132 | 134 | 69 | 141 |
| 2850 | 82 | 94 | 118 | 199 |
| **Coffee** | **Nov** | **Jan** | **Nov** | **Jan** |
| 700 | 75 | 102 | 9 | 29 |
| 750 | 37 | 73 | 20 | 50 |
| 800 | 25 | 50 | 58 | 77 |
| **Cocoa** | **Dec** | **Mar** | **Dec** | **Mar** |
| 700 | 86 | 70 | 13 | 31 |
| 750 | 53 | 44 | 30 | 55 |
| 800 | 30 | 27 | 57 | 88 |
| **Brent Crude** | **Nov** | **Dec** | **Nov** | **Dec** |
| 1700 | 93 | | 3 | 22 |
| 1750 | 48 | 64 | 10 | 40 |
| 1800 | 18 | 39 | 30 | 65 |

## US MARKETS

IN THE METALS, sideways action was seen in most markets as many await Fridays leading indicators, reports *Drexel Burnham Lambert. In the softs,* sugar fell sharply as liquidation was seen ahead of October's expiration. Cocoa was also lower with heavy trade selling noted. Short covering rallied coffee late in the day after a quiet session. The grains all closed higher led by the soybean and corn markets. Local short covering ahead of the stock or hand report provided support. Corn futures were firmed by fresh export business. The livestocks featured higher prices in the bellies and hogs ahead of Fridays pig crop report. Cattle was steady due to an expected demand for cash beef. The energy complex was strong but large volume *traders were on the sidelines.*

## New York

**GOLD** 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 366.1 | 367.9 | 368.7 | 367.0 |
| Nov | 370.7 | 370.4 | 0 | 0 |
| Dec | 372.8 | 372.3 | 373.7 | 371.5 |
| Feb | 376.9 | 376.3 | 377.6 | 375.8 |
| Apr | 381.2 | 380.5 | 381.8 | 379.9 |
| Jun | 385.4 | 384.7 | 386.0 | 384.5 |
| Aug | 389.6 | 388.9 | 0 | 0 |
| Oct | 393.9 | 393.2 | 395.0 | 395.0 |
| Dec | 398.2 | 397.5 | 0 | 0 |

**PLATINUM** 50 troy oz; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 495.4 | 495.7 | 497.5 | 493.0 |
| Nov | 496.4 | 496.7 | 0 | 0 |
| Jan | 497.9 | 498.8 | 500.0 | 495.6 |
| Apr | 501.4 | 501.8 | 502.0 | 500.0 |
| Jul | 504.4 | 504.8 | 505.0 | 505.0 |
| Oct | 507.9 | 508.3 | 508.5 | 508.5 |

**SILVER** 5,000 troy oz; cents/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 526.5 | 525.2 | 528.0 | 525.0 |
| Nov | 531.1 | 529.6 | 0 | 0 |
| Dec | 535.0 | 533.5 | 536.5 | 532.1 |
| Jan | 538.0 | 536.5 | 0 | 0 |
| Mar | 547.1 | 545.6 | 548.0 | 544.5 |
| May | 555.1 | 553.9 | 556.0 | 553.0 |
| Jul | 563.5 | 562.5 | 563.0 | 562.5 |
| Dec | 583.8 | 583.2 | 0 | 0 |
| Jan | 587.8 | 587.1 | 0 | 0 |

**COPPER** 25,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 124.45 | 124.70 | 124.20 | 123.70 |
| Nov | 122.25 | 123.00 | 0 | 0 |
| Dec | 120.75 | 121.20 | 122.90 | 120.50 |

**INDICES**

REUTERS (Base: September 18 1931 = 100)

| Sept 27 | Sept 26 | mnth ago | yr ago |
|---|---|---|---|
| 1874.7 | 1874.7 | 1922.6 | 1858.5 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | | | | |
|---|---|---|---|---|
| Spot | 129.46 | 130.36 | 129.95 | 132.90 |
| Futures | 129.94 | 130.63 | 130.56 | 134.82 |

**CRUDE OIL** (Light) 42,000 US galls $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 19.82 | 19.69 | 19.85 | 19.65 |
| Dec | 19.66 | 19.51 | 19.68 | 19.55 |
| Jan | 19.52 | 19.39 | 19.52 | 19.42 |
| Feb | 19.36 | 19.27 | 19.38 | 19.30 |
| Apr | 19.16 | 19.08 | 19.17 | 19.08 |
| May | 19.04 | 19.01 | 19.17 | 19.04 |
| Jun | 18.97 | 18.94 | 18.10 | 18.92 |
| Jul | 18.94 | 18.88 | 18.98 | 18.94 |
| Aug | 18.87 | 18.83 | 18.87 | 18.87 |

**HEATING OIL** 42,000 US galls, cents/US galls

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 5875 | 5848 | 5890 | 5820 |
| Nov | 5910 | 5890 | 5920 | 5855 |
| Dec | 5935 | 5913 | 5945 | 5885 |
| Feb | 5725 | 5719 | 5735 | 5690 |
| Mar | 5470 | 5474 | 5490 | 5490 |
| Apr | 5290 | 5264 | 5300 | 5260 |
| May | 5170 | 5119 | 5170 | 5130 |
| Jun | 5030 | 5029 | 5030 | 5030 |
| Jul | 5000 | 4999 | 5000 | 5000 |

**COCOA** 10 tonnes;$/tonnes

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 1061 | 1085 | 1076 | 1046 |
| Mar | 1060 | 1085 | 1074 | 1049 |
| May | 1075 | 1099 | 1088 | 1068 |
| Jul | 1094 | 1117 | 1105 | 1085 |
| Dec | 1140 | 1163 | 1140 | 1129 |

**COFFEE "C"** 37,500lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 83.00 | 81.85 | 83.20 | 80.50 |
| Mar | 84.75 | 84.16 | 85.00 | 82.90 |
| May | 86.80 | 86.22 | 86.90 | 85.10 |
| Jul | 89.00 | 88.45 | 89.00 | 87.20 |
| Sep | 90.13 | 90.05 | 90.35 | 90.00 |
| Dec | 93.25 | 94.00 | 93.25 | 93.25 |

**SUGAR WORLD "11"** 112,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 14.52 | 14.88 | 14.99 | 14.51 |
| Jan | 13.04 | 13.40 | 0 | 0 |
| Mar | 13.79 | 14.07 | 14.15 | 13.68 |
| May | 13.57 | 13.81 | 13.88 | 13.51 |
| Jul | 13.47 | 13.61 | 13.67 | 13.40 |
| Oct | 13.05 | 13.10 | 13.16 | 12.95 |

**COTTON** 50,000; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 71.65 | 71.48 | 72.28 | 71.27 |
| Mar | 72.80 | 72.44 | 73.25 | 72.30 |
| May | 73.60 | 73.16 | 73.85 | 73.10 |
| Jul | 73.70 | 73.27 | 74.15 | 73.45 |
| Oct | 69.60 | 69.00 | 69.20 | 69.20 |

**ORANGE JUICE** 15,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 137.00 | 138.75 | 138.00 | 135.50 |
| Jan | 133.95 | 135.65 | 135.00 | 132.80 |
| Mar | 133.10 | 134.80 | 134.50 | 132.00 |
| May | 133.05 | 134.35 | 134.00 | 133.10 |
| Jul | 133.00 | 134.25 | 133.50 | 133.00 |
| Sep | 132.80 | 134.00 | 0 | 0 |
| Nov | 132.90 | 134.00 | 0 | 0 |

## Chicago

**SOYABEANS** 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 570/4 | 566/2 | 574/6 | 567/0 |
| Jan | 582/0 | 577/2 | 586/4 | 579/0 |
| Mar | 594/4 | 590/6 | 598/0 | 592/0 |
| May | 605/2 | 599/2 | 608/0 | 602/4 |
| Jul | 611/0 | 605/0 | 613/0 | 607/0 |
| Aug | 608/0 | 603/4 | 611/0 | 606/4 |
| Sep | 594/0 | 591/0 | 599/0 | 594/0 |
| Nov | 593/0 | 587/6 | 595/0 | 589/0 |

**SOYABEAN OIL** 60,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 19.03 | 18.90 | 19.12 | 18.96 |
| Dec | 19.50 | 19.39 | 19.60 | 19.44 |
| Jan | 19.78 | 19.67 | 19.86 | 19.70 |
| Mar | 20.13 | 20.10 | 20.26 | 20.12 |
| May | 20.45 | 20.40 | 20.65 | 20.45 |
| Jul | 20.90 | 20.88 | 20.95 | 20.85 |
| Aug | 20.90 | 20.90 | 21.10 | 20.90 |
| Sep | 20.90 | 21.00 | 21.10 | 20.90 |

**SOYABEAN MEAL** 100 tons; $/ton

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 186.1 | 183.7 | 186.3 | 183.7 |
| Dec | 181.1 | 178.8 | 181.8 | 179.0 |
| Jan | 180.7 | 178.4 | 181.5 | 179.0 |
| Mar | 180.4 | 178.2 | 181.2 | 178.5 |
| May | 179.8 | 177.7 | 180.2 | 178.5 |
| Jul | 179.0 | 177.2 | 179.7 | 177.5 |
| Aug | 178.1 | 177.2 | 179.5 | 177.5 |
| Sep | 176.5 | 175.2 | 178.0 | 176.5 |

**MAIZE** 5,000 bu min; cents/56lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 233/6 | 228/6 | 234/6 | 229/4 |
| Mar | 242/0 | 236/6 | 242/4 | 237/4 |
| May | 247/4 | 242/2 | 248/2 | 242/6 |
| Jul | 250/4 | 245/0 | 251/0 | 248/0 |
| Sep | 240/2 | 236/6 | 240/4 | 236/0 |
| Dec | 237/6 | 235/0 | 237/6 | 235/0 |
| Mar | 244/0 | 242/2 | 244/0 | 242/0 |

**WHEAT** 5,000 bu min; cents/60lb-bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 399/4 | 398/4 | 400/6 | 395/0 |
| Mar | 396/2 | 395/2 | 397/0 | 392/2 |
| May | 374/4 | 374/2 | 378/4 | 373/0 |
| Jul | 346/4 | 345/6 | 348/4 | 344/0 |
| Sep | 351/2 | 351/0 | 351/4 | 351/0 |
| Dec | 361/0 | 359/0 | 361/0 | 361/0 |

**LIVE CATTLE** 40,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 72.05 | 72.10 | 72.10 | 71.72 |
| Dec | 74.77 | 74.57 | 74.80 | 74.30 |
| Feb | 74.22 | 73.87 | 74.30 | 73.80 |
| Apr | 74.67 | 74.32 | 74.72 | 74.25 |
| Jun | 72.07 | 71.77 | 72.07 | 71.70 |
| Aug | 70.45 | 70.17 | 70.45 | 70.20 |

**LIVE HOGS** 30,000 lb; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 43.42 | 43.20 | 43.47 | 42.95 |
| Dec | 44.10 | 43.92 | 44.15 | 43.67 |
| Feb | 44.87 | 44.62 | 44.90 | 44.42 |
| Apr | 42.60 | 42.37 | 42.72 | 42.20 |
| Jun | 47.27 | 47.10 | 47.35 | 46.90 |
| Jul | 47.70 | 47.57 | 47.72 | 47.35 |
| Aug | 46.45 | 45.95 | 46.45 | 45.90 |
| Oct | 43.00 | 43.05 | 43.00 | 42.90 |

**PORK BELLIES** 40,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 48.90 | 48.27 | 49.17 | 48.00 |
| Mar | 48.77 | 48.02 | 49.05 | 47.90 |
| May | 49.20 | 48.95 | 49.40 | 48.85 |
| Jul | 48.85 | 48.65 | 49.30 | 48.55 |
| Aug | 47.30 | 47.30 | 47.75 | 47.30 |

# Market slides below Footsie 2,300

A SETBACK in the UK stock market turned into a rout in the final 20 minutes of trading yesterday when techical positions ahead of this morning's expiry of both Footsie Futures and Options prompted a collapse in blue chip stocks.

The late slide in share prices sent the Footsie Index below 2,300 for the first time since the beginning of August. Last night's final reading of 2,291.7 on the Index, a fall on the day of 39.5, was the lowest close since July 27.

Equities were depressed throughout the session as sterling's weakness against the DM heightened fears of another rise in UK base rates. But traders stressed that the final setback reflected the equity market's pre-occupation with its internal concerns over the impending options and futures settlements, and the consequent pressures on market trading firms.

| Account Dealing Dates | | |
|---|---|---|
| First Dealings: | | |
| Sep 4 | Sep 18 | Oct 2 |
| Option Declarations: | | |
| Sep 14 | Sep 28 | Oct 12 |
| Last Dealings: | | |
| Sep 15 | Sep 29 | Oct 13 |
| Account Day: | | |
| Sep 25 | Oct 9 | Oct 23 |

*New time dealings may take place from 8.00 am two business days earlier

Trading volume yesterday was moderate at 403.5m shares, with only 58m turned over in the final hour when the market was falling heavily. In addition to the prospects for the Footsie contract expiry, the market was perturbed by strong hints that a small equity market maker will pull out today.

There were other signs of trading difficulty. A UK securities house struggled with a substantial open position in the futures market, and a US house tried to operate a sell programme. The hints of another departure from the market making list soon expanded to take in other trading names.

However, a trader from Strauss Turnbull, the Société Generalé subsidiary which started making markets yesterday, commented cheerfully, "It was a wonderful day to start market making".

Today promises to be a testing time for market professionals, if not for the institutional fund managers, who are expected to remain on the sidelines. The equity market closes the books tonight on the third quarter trading performance, as well as on the two week equity account. The high point of market tension will come around 11.20am when the Footsie Future and Options expire.

However, many analysts stressed that yesterday's technical factors might have distracted attention from the more deeply bearish influences. Prime among these is the fear, substantially increased by the poor August trade figures, that domestic interest rates could be forced higher – especially if German rates are raised next week.

"It's going to be a fairly close call on interest rates," said Mr Bob Semple of County NatWest. The stock market has been ignoring fundamentals for too long, he believes, and could now fall back as far as 2,200 before becoming a buy prospect again. "The market's come out of its bid fantasies and back into the real world – and it's not feeling so happy."

## FINANCIAL TIMES STOCK INDICES

| | Sep 28 | Sep 27 | Sep 26 | Sep 25 | Sep 22 | Year Ago | 1989 High | 1989 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 84.51 | 84.76 | 85.09 | 85.82 | 85.60 | 88.31 | 89.29 (8/2) | 83.75 (14/6) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 95.98 | 96.03 | 96.06 | 96.09 | 96.10 | 96.42 | 99.59 (15/3) | 95.21 (13/6) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share | 1876.2 | 1907.4 | 1913.5 | 1937.3 | 1948.5 | 1477.8 | 2008.6 (5/9) | 1447.8 (3/1) | 2008.6 (5/9/89) | 49.4 (26/6/40) |
| Gold Mines | 215.2 | 212.8 | 211.8 | 209.2 | 210.7 | 172.4 | 215.2 (28/9) | 154.7 (17/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2291.7 | 2331.2 | 2336.1 | 2359.8 | 2370.2 | 1829.0 | 2426.0 (5/9) | 1782.8 (3/1) | 2443.4 (16/7/87) | 986.9 (23/7/84) |
| Ord. Div. Yield | 4.34 | 4.27 | 4.26 | 4.20 | 4.17 | 4.68 | | | | |
| Earning Yld % (full) | 10.40 | 10.23 | 10.19 | 10.08 | 9.99 | 11.81 | | | | |
| P/E Ratio (Net)(*) | 11.59 | 11.78 | 11.82 | 11.97 | 12.06 | 10.26 | | | | |
| SEAQ Bargains (5pm) | 28,332 | 22,804 | 25,284 | 21,436 | 22,871 | 26,176 | | | | |
| Equity Turnover (£m)† | - | 932.60 | 890.18 | 629.55 | 960.85 | 1299.54 | | | | |
| Equity Bargains† | - | 22,709 | 24,152 | 20,883 | 23,100 | 28,741 | | | | |
| Shares Traded (ml)† | - | 340.9 | 387.4 | 252.7 | 380.6 | 498.2 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ⊕ Nil 11.48

Ordinary Share Index, Hourly changes — Day's High 1903.9 — Day's Low 1876.2

| Open | 10 a.m. | 11 a.m. | 12 p.m. | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1897.9 | 1900.6 | 1903.6 | 1902.7 | 1895.7 | 1898.0 | 1894.3 | 1887.1 |

FT-SE, Hourly changes — Day's High 2323.1 — Day's Low 2291.7

| Open | 10 a.m. | 11 a.m. | 12 p.m. | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 2316.0 | 2319.9 | 2323.0 | 2322.1 | 2316.2 | 2315.0 | 2312.7 | 2304.4 |

### S.E. ACTIVITY

| Indices | Sep 27 | Sep 26 |
|---|---|---|
| Gilt Edged Bargains | 97.3 | 82.5 |
| Equity Bargains | N/A | N/A |
| Equity Value | N/A | N/A |
| 5-Day average | | |
| Gilt Edged Bargains | 82.1 | 74.3 |
| Equity Bargains | N/A | N/A |
| Equity Value | N/A | N/A |

SE Activity 1974. †Excluding intra-market business & O'seas turnover. London report and latest Share Index: Tel. 0898 123001.

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

# Brewer bucks the trend

Whitbread, one of the only five gainers in the Footsie list, attracted attention both on its acquisition of Boddington's brewing interests and also on predictions that it may dispose of its spirits interests within a fortnight.

The former was acclaimed by analysts as good for both sides. "A low-risk deal for Whitbread and phenomenally good for Boddingtons' eps (share earnings), which will be 20 per cent up over a year," said Mr Ron Littleboy of Nomura Research. His view were echoed by other researchers.

Dealers said that interest in Whitbread was also stimulated by talk of a spirits division sell-off, which could raise around £450m. On August 18, Whitbread bought a chain of US restaurants, called Sea Galley. The deal is completed within 60 days, and US law precludes any one company from both distributing and retailing spirits.

In theory, said analysts, Whitbread could just sell the US side. But in practice it would get a better deal by disposing of the whole operation. Favourites as buyer, said analysts, include Allied Lyons, which needs a US gin brand, or American Brands, which is said to be looking to expand outside the US.

Whitbread denied it intended selling. The "A" shares climbed 5½ before closing a net 3½ up 374p. Boddington firmed to 193p, although it subsided by the close to end a penny better on the day at 190p.

## Cadbury wanted

Cadbury Schweppes jumped 14 early on as takeover talk swept the market, though the shares slipped back in late trading with the rest of the market. Cadbury ended the day up 4 at 389p, the second largest gain among the Footsie index stocks.

The suggestion was that Coca-Cola, after its recently agreed large asset disposal, may now buy a large stake in Cadbury. The speculation was sparked off by Wednesday's news that Coca-Cola had agree to sell its 49 per cent stake in Columbia Pictures Entertainment to Sony. Some dealers reckoned that could tempt Coca-Cola to try to buy General Cinema's 16.9 per cent stake in Cadbury.

But the high cost of buying Cadbury's and the likelihood that a takeover could run into US anti-trust difficulties with the Federal Trade Commission makes a bid unlikely, said Mr David Lang, analyst at Henderson Crosthwaite. He pointed out that in 1986 the FTC turned down Coca-Cola's attempt to takeover Dr Pepper, which controlled around 5 per cent of the US soft drink market. He said that as Cadbury had about 4 per cent of the US soft drink market Coca-Cola would encounter similar problems. "In any case, such a takeover would not be Coca-Cola's style," he said.

Cadbury shares were also boosted by market talk that it was be considering taking over a Spanish company, which would help profits.

## Insurances busy

The composite insurance sector provided two of the five FT-SE stocks in plus territory yesterday, Commercial Union (CU) and General Accident, with the former driven higher by a fresh wave of speculation, which included strong takeover rumours.

Among a host of rumour-driven bouts of activity one of the outstanding tales was that an announcement regarding a possible stake increase by Sun Alliance, which has a 14.5 per cent holding, was imminent. Another rumour was that a signficant stake in CU was being built up by another company.

With no such announcement being made the tales in the market quickly shifted. One wild rumour suggested that CU may be about to launch a sizeable rights issue to finance an acquisition.

But one trader said the level of activity in CU, and the performance of the share price led him to believe that something was afoot. On the other hand, one analyst took the view that the outperformance of the composite was a reflection of a technical position in the market; "The bid stories in Commercial Union have been going on for more years than I care to remember – formerly they used to pop up every six months or so, now its every week,

CU shares closed 6 ahead at 451p, having touched extremes of 448p and 457p during the day.

General Accident were the subject of speculative stories and built on recent strength to close another 9 firmer at 1105p. Among the stories was one suggesting the company was about to reveal a tie-up with French group Navigation Mixte, whose shares were suspended in Paris on Wednesday. another story was that one top UK securities house was bidding for stock in General Accident outside the market.

As with CU, analysts took the view that the talk of takeover deals was premature. As one put it: "General Accident shares are now some 15p to 210p higher than when Hurricane Hugo started; there are no sellers about and I think the market is short of stock."

Guardian Royal held up well, closing at 225p while Sun Alliance, where dealers reported strong two-way interest, settled 4 off at 314p.

The insurance brokers extended their recent good showing, with specialists taking the view that a re-rating of the sector, based on currency changes, could be taking place. Sedgwick added 4 at 260p and Willis Faber 3 to 238p, while Hogg Robinson Gardner Mountain, after the excellent figures, edged up to 147p with a single large deal said to have taken place.

The clearing banks fell in line with the market with Midland 11 off at 359p and Barclays 8 cheaper at 533p. Abbey National eased 3 to 149½p. A persistent story that a bid for Morgan Grenfell may at last be underway, with one of the big West German banks said to be favourite, failed to convince the speculators and Morgan shares settled 3 off at 335p.

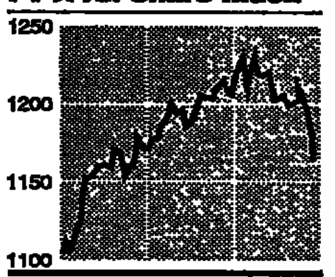
Cable & Wireless were 2 ahead at 557p, after 561p, after the offering of ADSs in the US.

STC were active, with 2.8m shares traded in the market and the equivalent of 5.2m said to have changed hands in the traded options market; analysts having been taking a hard look at their profit projections for the company, with at least one of the top broking firms said to have lowered their estimates in the past two weeks.

FW Thorpe dropped 25 to 380p after revealing preliminary profits down from £1.6m to £1.24m. Apricot Computer were a penny easier in spite of news that Singer and Friedlander, the merchant bank, now speaks for some 10.54 per cent of the company's shares.

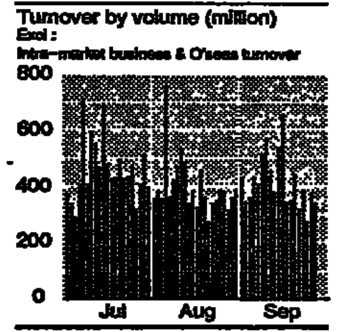
The final setback in equities fell heavily on the international blue chips, most of which figure in the FT-SE 100 list, and were therefore involved in the technical shakeout ahead of today's expiry of the Footsie futures and options. Fundamental investment criteria were largely ignored in the final moments.

**FT-A All-Share Index**



**Equity Shares Traded**

Turnover by volume (million)
Excl: Intra-market business & O'seas turnover



The news that Braniff Airline, the US carrier, is filing for bankruptcy under Chapter 11 of the US Bankruptcy Code for protection from its creditors, hurt shares in British Aerospace and in Rolls-Royce, two companies involved in the production of the Airbus, for which Braniff has placed orders. BAe closed at 631p, down 7 on the day, while Rolls-Royce fell to 182½p, down 3.

ICI suffered, closing 13 down at 1218p, although Smith New Court told clients that the 50p fall of the two previous sessions had been "well over done".

Redland's interim results were at the top end of expectations, but the fall in the market upset the shares which settled a net 7 off at 543p.

Costain, amid vague bid speculation rose to close at 311p, a net rise of 4. BPB, the UK's biggest plasterboard, were 4 off at 257p but dealers said there had been persistent strong support for the stock; "BPB are highly interest rate sensitive and should have fallen much more than this on a day like today – if you were going to build a stake in a prime industry like plasterboard now would be the right time," said one dealer.

Caradon dropped 19 to 460p in the absence of any bid news. Dixons was not helped by a bearish statement from its chairman at the annual meeting, although dealers said they had expected little else. The shares slipped 3 to 140p.

Addison Consultancy trickled back to end 2 off at 34½p after posting a 4 per cent decline in six-month profits.

A 24 per cent improvement at the interim stage from TV-AM left the shares 3 weaker at 209p.

Interim profits barely ahead at £54½m did nothing to inspire United Newspapers, which shed 10 to 494p.

DRG continued to advance awaiting developments in the 590p-a-share bid from Pembridge Investments. Exactly 1m shares changed hands as the price touched 619p before closing at 617p, still 2 better on the day.

The end of uncertainty over the fate of Scottish and Newcastle's Thistle Hotels Group, whose sale to Mount Charlotte was confirmed yesterday, initially pushed the former's shares ahead. But they lost ground rapidly with the market, despite analysts' assurance that the deal was good for S&N.

Mr Neill Junor, at County NatWest WoodMac, said the price was "bang in line with expectations – S&N should quickly make further acquisitions in leisures or in building up the brewing business." He upgraded his profit forecast for the current year from £154m to £182m and increased next year's figure from £190.5m to £231m. S&N touched 373p retreating to close 12 down on the day at 354p. Mount Charlotte slipped 2½ to 80½p.

Asda continued to edge lower as bid speculation faded. Traders said Asda's likely purchase of 61 superstores from Gateway at a cost of £705m would make it a less tempting takeover target. Asda shareholders have now received the details of the Gateway purchase, which one analyst described as being "very bullish, given the uncertain short-term impact of buying the stores." He added: "Asda is going to have to work hard to cover its funding costs." Asda closed down 10 at 178.

Tesco was depressed by further profit-taking as the market remained suspicious of the company's capitalisation of interest payments, which boosted its recent half-time results. "The results were very good. But they benefited from high interest rates. But common sense would suggest that in cash flow terms, they are suffering with high interest rates," another analyst said. Tesco closed down 6 at 199p.

Shares in Vickers fell back 5 and closed at 241p, despite posting interim results in line with market expectations.

Among the reasons for the fall were the news that Vickers' Rolls-Royce car division would be hit by higher R&D costs in the coming year, and the view that no profits from the Challenger Two tank project would be forthcoming before 1991 if the company got the go-ahead from the Government to build the tank.

Analysts at Laing & Cruickshank trimmed their year-end profit expectations to £78m from £80m. They said it was unlikely that IEP Securities, run by Sir Ron Brierley, the New Zealand based businessman, which holds around 12 per cent of Vickers stock, was unlikely to go ahead to make a full scale bid. Laing & Cruickshank said the Rolls-Royce car marque would have to revert to the original holder on any change in the ownership of the company, and because of the defence implications that would have to be undertaken by any new owner of Vickers.

Davy Corporation shares took a tumble on press speculation that the company had run into problems over the construction of a power station in East Berlin. Davy shares closed at 243p, down 12 on the day. The company denied the reports saying that "Full provision has been made for the cost of commissioning."

In motors, Jaguar, shares dropped 8, to close at 572p on the lack of further bid news.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 24

## NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (37).
AMERICANS (2) BUILDINGS (3) CHEMICALS (3) ELECTRICALS (2) INSURANCE (1) PAPERS (1) TRANSPORT (1) TRUSTS (10) MINES (2).
NEW LOWS (30).
BRITISH FUNDS (6) AMERICANS (1) BUILDINGS (10) CHEMICALS (1) STORES (3) ELECTRICALS (7) ENGINEERING (2) FOODS (2) INDUSTRIALS (24) ASD, Amberley, Benlox, Bestwood, Bibby (J.), Bodycote Int'l, Bridport-G, Bundana, Cannon St. Inv., Coloroll, Delaney, Fenner (J.), Hanson Wrnts., Jourdan (T.), NMC, Norcros, Office & Elect., Pergamon, Rasmus-Rapide, Resstone, Tallus, Utd. Guarantee, Walpar, Wiltshier, LEISURE (2) MOTORS (4) PAPERS (2) PROPERTY (5) SHOES (1) TOBACCOS (1) TRUSTS (4) OILS (4) OVERSEAS TRADERS (1) THIRD MARKET (3).

## APPOINTMENTS

# Christian Salvesen chief

■ Dr Chris Masters is to join CHRISTIAN SALVESEN as chief executive on October 2. He succeeds Mr Barry Sealey who continues as deputy chairman.

Dr Masters joined the company 10 years ago. In 1981 he spent a period with the cold storage business in the US, thereafter becoming managing director of the seafoods division. Since 1984 he has been managing director of the industrial services division.

■ Mr John B. Roberts, chief executive of DUNLOP AEROSPACE GROUP, will be retiring at the end of September. He will be succeeded by Mr Lou FitzGerald, formerly managing director of Dunlop aviation division.

■ PRUDENTIAL-BACHE SECURITIES (UK) INC has named Mr Peter Zuber as managing director of UK retail equities. He was manager of the company's West End retail office.

Prudential Bache Capital Funding (Money Brokers) has made Mr John Clifford Jones administration director. He was previously office manager.

■ Mr Alan Gibson and Mr Tony Sullivan have been appointed production director and operations director respectively for CLEVELAND BRIDGE & ENGINEERING, a member of the offshore and structural division of Trafalgar House.

JOHN LAING has made two appointments in the areas of environment and new technology. Both involve Mr Philip Rees (above), chairman of John Laing ETE (Energy,Technology and Environment). Mr Rees has become group director of both environmental affairs and information technology in addition to his ETE responsibilities.

■ THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND has appointed Mr Peter Johnston as its secretary from December 1. He is a senior official in the Crown Office, Edinburgh.

■ Mr D.W. Taylor has been appointed managing director of AMEC REGENERATION, an AMEC Group company. He was managing director of Lancashire Enterprises.

■ GOBLIN is making Mr Peter Davies its managing director on December 1. He is sales director at Braun Electrical (UK). Mr Matthew Miller, currently Goblin's managing director, becomes chairman of Goblin as well as continuing in his role as head of the Shop-Vac European Group. Mr Peter Grant, sales director, is retiring but will remain as a consultant.

■ Mr James Long has been appointed director, group treasury for INCHCAPE, the international services and marketing group. He was group treasurer at Burmah Oil.

■ Mr Roderick Gibbs, a director of London & Metropolitan Estates, has been made a director at LONDON & METROPOLITAN with responsibility for acquisitions and corporate strategy.

■ NFC transport division, one of the four operating divisions of NFC, has appointed Mr Steve Abel as managing director, BRS Group from October 1. He was managing director of BRS Western.

■ Mr David Fearnley has become a non-executive director of MERRETT HOLDINGS, the Lloyd's underwriting and insurance services group. He is an executive director of Allied Textiles and chairman/managing director of its subsidiary Walter Walker & Sons.

■ Mr Tom Craig joins the board of ASPREY on October 2 as director responsible for public relations. For the past 18 years he has been a director of Christie's.

■ Mr Malcolm Argent, secretary of BRITISH TELECOMMUNICATIONS, will join the main board on October 1.

Mr Alastair Glover (above) has been appointed company secretary and legal officer of INCO EUROPE. He will combine this position with his existing responsibilities as company secretary and legal officer of Inco Alloys at Hereford.

# FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

## AUTHORISED UNIT TRUSTS

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Abbey Unit Tst Mngrs (1000)H** | | | | | | |
| 80 Holdenhurst Rd, Bournemouth 0345 717373 | | | | | | |
| High Income | | | | | | |
| American Income | 6 | 55.33 | 55.91xd | 59.48 | +0.29 | 4.61 |
| Gilts & Fixed Int | 6 | 108.30 | 108.30xd | 114.90 | -0.10 | 8.70 |
| High Inc Equity | 6 | 138.60 | 141.50 | 150.60 | -0.10 | 4.22 |
| Worldwide Bond | 6 | 199.40 | 199.40xd | 211.20 | +0.40 | 5.02 |
| Capital Growth | | | | | | |
| American Growth | 6 | 198.70 | 200.80 | 213.70 | +1.30 | 0.89 |
| Asian Pacific | 6 | 112.30 | 114.90 | 121.90 | +1.50 | 1.07 |
| Assets & Earnings | 6 | 163.90 | 163.90 | 175.30 | -0.70 | 2.11 |
| Capital Reserve Acc | 0 | 86.72 | 86.72 | 86.74 | +0.42 | 4.61 |
| Capital Reserve Inc | 0 | 76.98 | 76.98 | 77.00 | +0.38 | 5.19 |
| Comdty & Energy | 6 | 110.90 | 114.30xd | 121.60 | -0.30 | 1.56 |
| 1992 Enterprise | 6 | 61.40 | 62.61 | 66.61 | -0.02 | 1.92 |
| Euro Capital Acc | 6 | 96.06 | 96.82 | 103.00 | +0.10 | 0.73 |
| Euro Capital Inc | 6 | 92.62 | 93.38 | 99.35 | +0.09 | 0.75 |
| General | 6 | 181.20 | 181.20xd | 193.80 | -0.30 | 2.58 |
| International | 6 | 55.08 | 55.93 | 59.50 | +0.32 | 0.84 |
| Japan | 6 | 121.90 | 123.80 | 131.80 | +2.90 | 0.00 |
| Mastertrust | 6 | 92.24 | 92.24 | 98.66 | +0.51 | 1.72 |
| UK Growth Acc | 6 | 205.10 | 205.10 | 219.40 | -0.50 | 1.28 |
| UK Growth Dist | 6 | 136.90 | 136.90 | 146.50 | -0.30 | 1.91 |
| US Emerging Cos | 6 | 54.73 | 54.73 | 58.54 | +0.43 | 0.00 |
| Income & Growth | 6 | 312.50 | 318.80 | 339.20 | -0.30 | 3.02 |
| Ethical | 6 | 50.31 | 51.56 | 54.86 | -0.25 | 1.82 |
| **Abtrust Management Ltd (1000)H** | | | | | | |
| 10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580 | | | | | | |
| Amer Inc & Growth | 5½ | 33.64 | 33.64 | 35.91 | +0.31 | 2.85 |
| European | 5½ | 75.17 | 75.37 | 80.46 | +0.19 | 0.00 |
| European Income | 5½ | 71.20 | 71.20xd | 76.01 | ... | 2.48 |
| Exempt | 1 | 837.0 | 837.0 | 870.5 | -0.70 | 1.80 |

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Buckmaster Mangmt Co Ltd – Contd.** | | | | | | |
| Income | 5 | 166.3 | 171.8 | 182.3 | -0.5 | 4.32 |
| (Accum Units) | 5 | 324.3 | 335.0 | 355.4 | -1.1 | 4.32 |
| International | 5 | 124.3 | 124.3 | 131.4 | +0.5 | 3.95 |
| (Accum Units) | 5 | 171.0 | 171.0 | 180.8 | +0.7 | 3.95 |
| Smaller Co's | 5 | 116.1 | 119.1 | 126.4 | -1.1 | 1.80 |
| (Accum Units) | 5 | 127.6 | 130.9 | 138.9 | -1.0 | 1.80 |
| Inv Portfolio | 2½ | 56.80 | 58.85 | 60.67 | -0.21 | 3.20 |
| (Accum Units) | 2½ | 58.96 | 61.04 | 62.98 | -0.22 | 3.20 |
| High Income Port | 3 | 49.58 | 49.97 | 51.78 | -0.15 | 6.07 |
| **Burrage Unit Tst Mangmt Ltd (0905)F** | | | | | | |
| 117 Fenchurch St, London EC3M 5AL 01-480 7216 | | | | | | |
| Str Dbl Gilt & FI | 1½ | 54.31 | 54.31 | 55.10 | +0.01 | 12.86 |
| **CCF Foster Braithwaite UT Mngt (1100)F** | | | | | | |
| 1 White Hart Yard, London SE1 1NX 01-407 5966 | | | | | | |
| F & B Sel Intl Grth | 5½ | 49.47 | 49.47 | 53.25 | +0.14 | 1.376 |
| **CCL Unit Trusts Ltd (1400)F** | | | | | | |
| 74 Shepherds Bush Green, W12 8SD 01-740 7070 | | | | | | |
| UK General Tst | 5½ | 57.35 | 58.34 | 62.40 | -0.30 | 2.23 |
| Global Tst | 5½ | 47.01 | 47.54 | 50.84 | +0.23 | 2.01 |
| Recovery Tst | 5½ | 51.43 | 51.43 | 57.14 | -0.20 | 1.92 |
| **CIBC Unit Tst Managers plc (1200)H** | | | | | | |
| Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000 | | | | | | |
| Growth Fd Acc | 5 | 114.3 | 115.8 | 122.2 | -0.6 | 4.19 |
| **CS Fund Managers Limited (1000)H** | | | | | | |
| 125 High Holborn, London WC1V 6PY 01-242 1148 | | | | | | |
| CS America | 5 | 65.84 | 65.84 | 70.04 | +1.00 | 0.89 |
| CS International | 5 | 63.00 | 63.00 | 67.02 | +0.52 | 1.54 |
| CS Japan | 5 | 153.7 | 153.7 | 163.5 | +0.9 | 0.23 |
| CS Portfolio Inv ♣ | 5 | 76.75 | 76.75xd | 81.64 | -0.38 | 1.68 |
| **Canada Life Unit Tst Mgrs Ltd (1200)F** | | | | | | |
| 2-6 High St, Potters Bar, Herts 0707 51122 | | | | | | |
| Can Gen Dist | 5 | 150.1 | 152.7 | 160.7 | -0.30 | 2.88 |
| Do Gen Accum | 5 | 253.5 | 258.0 | 271.5 | -0.50 | 2.88 |
| Do Income Dist | 5 | 99.19 | 101.4 | 106.7 | -0.30 | 5.28 |
| Do Inc Accum | 5 | 227.2 | 232.3 | 244.5 | -0.60 | 5.28 |
| Gilt & Fxd Int | 5 | 35.88 | 35.97xd | 37.87 | +0.03 | 8.48 |
| **Cannon Fund Managers Ltd (0700)H** | | | | | | |

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Midland Unit Trusts Ltd – Contd.** | | | | | | |
| Midland Executive Pension Unit Trust * | | | | | | |
| British | 6 | 59.00 | 59.64 | 63.45 | -0.34 | 2.31 |
| European Growth | 6 | 62.03 | 62.05 | 66.01 | +0.09 | 0.39 |
| Gilt & Fixed Int | 6 | 50.74 | 50.74 | 53.97 | +0.08 | 10.28 |
| Income | 6 | 60.13 | 61.08 | 64.98 | -0.22 | 3.87 |
| Japan Growth | 6 | 63.21 | 63.59 | 67.65 | +0.58 | 0.00 |
| Managed | 6 | 61.57 | 62.41 | 66.39 | +0.04 | 1.76 |
| Money Market | 6 | 52.15 | 52.15 | 55.28 | +0.01 | 10.70 |
| North American | 6 | 62.76 | 63.85 | 67.93 | +0.2 | 0.22 |
| * On a switch, units will be issued at bid price. | | | | | | |
| **MIM Britannia Unit Tst Mgrs Ltd (1000)H** | | | | | | |
| 11 Devonshire Square, London, EC2M 4YR 01-626 3434 | | | | | | |

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Prudential Holborn Unit Tsts Ltd (1445)H** | | | | | | |
| 51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377 | | | | | | |
| Holborn LinkLine 0800 010345 | | | | | | |
| Two Hourly Pricing | | | | | | |
| Holborn Trust | 6 | 25.36 | 25.62 | 27.40 | +0.13 | 0.87 |
| Holborn Comm | 6 | 82.17 | 82.17 | 87.88 | +0.21 | 0.28 |
| Holborn Equity Inc | 6 | 69.41 | 69.41xd | 74.23 | -0.24 | 4.45 |
| Holborn Equity | 5 | 600.01 | 609.46 | 644.93 | -2.10 | 3.13 |
| Holborn European | 6 | 147.04 | 148.26 | 158.56 | +0.19 | 0.23 |
| Holborn High Inc | 6 | 84.30 | 84.30xd | 90.16 | -0.26 | 6.11 |
| Holborn Intl Grth | 6 | 129.60 | 129.60 | 138.60 | +1.86 | 0.67 |
| Holborn Intl Sm Co | 6 | 60.39 | 60.39xd | 64.58 | +0.62 | 0.00 |
| Holborn Japanese | 6 | 182.05 | 182.16xd | 194.82 | +2.22 | 0.00 |
| Holborn Nth Amer | 6 | 101.75 | 102.10 | 109.19 | +1.60 | 0.58 |

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Scottish Provident Inv Mgt Ltd (1000)F** | | | | | | |
| 6 St Andrew Sq, Edinburgh EH2 2YA 031-558 2327 | | | | | | |
| Equity Growth Acc | 6 | 19.83 | 20.05 | 21.44 | -0.07 | 3.83 |
| Equity Growth Inc | 6 | 19.16 | 19.37 | 20.73 | -0.07 | 3.83 |
| Intl Growth Acc | 6 | 24.09 | 24.51 | 26.21 | +0.19 | 0.60 |
| Intl Growth Inc | 6 | 23.66 | 24.08 | 25.77 | +0.19 | 0.60 |
| Global Income Acc | 6 | 21.83 | 21.97xd | 23.52 | -0.07 | 4.95 |
| Global Income Inc | 6 | 20.28 | 20.41 | 21.85 | -0.06 | 4.95 |
| Market Leaders Acc | 6 | 19.56 | 19.67 | 21.05 | -0.01 | 3.98 |
| Market Leaders Inc | 6 | 18.27 | 18.37 | 19.66 | -0.01 | 3.98 |
| **Scottish Widows' Fund Mngmt (0659)H** | | | | | | |
| PO Box 902, Edinburgh EH16 5BU 031-669 5724 | | | | | | |
| Peg Equity Acc | 6 | 413.7 | 418.4 | 446.2 | -2.2 | 3.31 |

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Gilt & Fixed | 6 | 51.08 | 51.08 | 54.33 | +0.5 | 10.22 |
| Income | 6 | 57.94 | 58.83 | 62.58 | -0.21 | 3.87 |
| Japan Growth | 6 | 60.98 | 61.34 | 65.26 | +0.56 | 0.00 |
| Managed | 6 | 59.10 | 59.89 | 63.71 | +0.04 | 1.76 |
| Money Market | 6 | 54.46 | 54.46 | 57.72 | +0.02 | 10.70 |
| North American | 6 | 60.78 | 61.83 | 65.78 | +0.19 | 0.22 |
| Midland FSAVCS Unit Trust * | | | | | | |
| British | 6 | 58.39 | 59.00 | 62.77 | -0.34 | 2.31 |
| European Growth | 6 | 63.83 | 63.90 | 67.98 | +0.11 | 0.39 |
| Gilt & Fixed Int | 6 | 49.81 | 49.81 | 52.99 | +0.05 | 10.22 |
| Income | 6 | 58.62 | 59.51 | 63.31 | -0.21 | 3.88 |
| Japan Growth | 6 | 63.29 | 63.65 | 67.71 | +0.56 | 0.00 |
| Managed | 6 | 58.15 | 58.94 | 62.70 | +0.04 | 1.76 |
| Money Market | 6 | 52.11 | 52.11 | 55.24 | +0.01 | 10.70 |
| North American | 6 | 61.10 | 62.15 | 66.12 | +0.19 | 0.22 |

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| W'wide Bond Acc | 5 | 54.47 | 54.47xd | 57.98 | +0.10 | 5.91 |
| W'wide Bond Inc | 5 | 51.91 | 51.91xd | 54.78 | +0.10 | 5.91 |
| Emerging Asia Acc | 5 | 94.62 | 94.62 | 101.30 | +0.60 | 0.00 |
| Emerging Asia Inc | 5 | 94.62 | 94.62 | 101.30 | +0.60 | 0.00 |
| UK Money Mkt Acc | 0 | 50.40 | 50.40 | 50.40 | +0.01 | 12.90 |
| UK Money Mkt Inc | 0 | 50.40 | 50.40 | 50.40 | +0.01 | 12.90 |
| **Provident Mutual Unit Tst Mgrs Ltd (0905)H** | | | | | | |
| 25-31 Moorgate, London, EC2R 6BA 01-588 3963 | | | | | | |
| PM Equity Gth | 5 | 124.4 | 124.4 | 132.3 | -0.2 | 2.61 |
| PM Income & Gth | 5 | 102.7 | 102.7xd | 109.2 | -0.4 | 4.09 |
| PM Nth Amer Gth | 5 | 60.97 | 60.97 | 64.86 | +0.97 | 1.16 |
| PM European Gth | 5 | 61.95 | 62.13 | 66.09 | +0.23 | 0.67 |
| PM Japan Gth | 5 | 83.09 | 83.22 | 88.53 | +1.37 | 0.28 |
| PM Overseas Gth | 5 | 57.52 | 57.52 | 61.19 | +0.54 | 0.43 |

## GUIDE TO UNIT TRUST PRICING

**INITIAL CHARGES**
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

**OFFER PRICE**
The price at which units may be bought.

**BID PRICE**
The price at which units may be sold.

**CANCELLATION PRICE**
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

**TIME**
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

**HISTORIC PRICING**
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

**FORWARD PRICING**
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

**SCHEME PARTICULARS AND REPORTS**
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

# FT UNIT TRUST INFORMATION SERVICE

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| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Waverley Unit Tst Mngmt Ltd (1000)F** 13 Charlotte Sq, Edinburgh 031-225 1551 | | | | | | |
| Australian Gold | 5 | 17.05 | 17.05 | 18.13 | -0.11 | 0.00 |
| Pacific Basin | 5 | 30.33 | 30.33 | 32.26 | +0.11 | 0.60 |
| Can Balncd Gwth $ | 5 | 51.27 | 51.27 | 54.54 | +0.18 | 0.10 |
| Ginnie Mae $ | 4 | 0.9627 | 0.9627 | 1.0028 | -0.01 | 7.72 |
| Penny Share | 5¼ | 31.11 | 31.11 | 33.09 | +0.06 | 0.50 |
| **Wellington Fund Mngs Ltd (1200)F** 2 London Bridge, SE1 01-407 4404 | | | | | | |
| Wellington Income | 5¼ | 140.1 | 141.8 | 150.9 | -0.6 | 5.12 |
| Wellington Growth | 5¼ | 222.4 | 224.3 | 238.7 | +0.7 | 1.21 |
| **Wessex Asset Management (1330)F** 1 Richmond Hill, Bournemouth BH2 6HW 0202 299432 | | | | | | |
| Wessex UK Gwth | 4½ | 114.60 | 118.60 | 123.60 | -0.5 | 2.80 |
| **Whittingdale Unit Tst Mgmt Ltd** 2 Honey Lane, London EC2V 8BT 01-606 3132 | | | | | | |
| Challenger $ F | 2¼ | 58.90 | 58.90 | 60.96 | +0.10 | 0.48 |
| Short Dtd Gilt $ F | 1¼ | 80.93 | 80.93 | 82.01 | +0.10 | 7.16 |
| U.S Gvmnt Bnd $ F | 1¼ | 0.5703 | .5703 | .5778 | [illegible] | 0.00 |
| **Willbro Financial Services Ltd (0905)F** PO Box 515 Austin Friars, London EC2 01-588 7511 | | | | | | |
| Aust Friars W'wide | 5 | 202.4 | 205.0 | 218.0 | ---- | 2.42 |
| **Windsor Trust Mngrs Ltd (1200)F** 83 Kingsway, London WC2B 6SD 01-405 8532 | | | | | | |
| Comebr & Equity | 5 | 64.09 | 67.18 | 71.46 | -0.2 | 6.63 |
| European | 5 | 78.00 | 78.37 | 83.37 | -0.05 | 0.09 |
| Far Eastern | 5 | 63.12 | 67.87 | 72.20 | +0.69 | 0.59 |
| Growth Inc | 5 | 86.05 | 89.36xd | 95.06 | -0.83 | 1.42 |
| Growth Acc | 5 | 86.13 | 89.42xd | 95.13 | -0.84 | 1.42 |
| Income Inc | 5 | 83.44 | 85.89xd | 91.30 | -0.29 | 4.66 |
| Income Acc | 5 | 83.54 | 85.93xd | 91.41 | -0.29 | 4.66 |
| Property Share | 5 | 54.70 | 54.70 | 58.30 | -0.15 | 1.00 |
| Smaller Co's | 5 | 56.66 | 56.66 | 60.39 | -0.35 | 2.58 |
| Nth American | 5 | 67.50 | 67.50 | 72.19 | +0.56 | 1.53 |
| International | 5 | 50.78 | 50.78 | 54.30 | +0.21 | 1.37 |
| **Wright Seligman Fund Mngs Ltd (1700)F** 11 Blomfield St, London EC2M 7AY 01-588 0592 | | | | | | |
| Intl Growth | 5 | 111.94 | 111.94 | 117.83 | ---- | 5.98 |
| UK Growth | 5 | 95.00 | 95.00 | 100.00 | ---- | 5.00 |
| UK Income | 5 | 95.00 | 95.00 | 100.00 | ---- | 4.50 |

Weekly dealing day Tuesday

## OTHER UK UNIT TRUSTS

## INSURANCES

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Albany Life Assurance Co Ltd – Contd.** | | | | |
| Fixed Income Fd Acc(z) | 121.2 | 127.5 | -0.2 | – |
| Intl Man Fd Acc(z) | 434.7 | 457.5 | +1.5 | – |
| Japan Fd(z) | 312.7 | 329.1 | +3.4 | – |
| UK Smllr Co's Fd Acc(z) | 121.4 | 127.7 | -1.3 | – |
| Europlus Metro | 120.8 | 127.1 | +0.2 | – |
| Global Metro | 111.2 | 117.0 | +0.4 | – |
| Sunrise Metro | 124.3 | 130.8 | +0.6 | – |
| UK Metro | 113.9 | 119.9 | -0.2 | – |
| Nth American Fd Acc(z) | 213.3 | 224.5 | +1.1 | – |
| Pac Basin Fd Acc(z) | 164.8 | 173.4 | +0.1 | – |
| Prop Fd Acc(z) | 348.9 | 367.2 | ---- | – |
| Millennium | 101.4 | 106.7 | -0.2 | – |
| Multiple Inv Acc(z) | 739.9 | 778.8 | -0.7 | – |
| Pension Funds | | | | |
| Brit. Blue Chip Acc(z) | 160.6 | 169.0 | -2.1 | – |
| Eq Pen Fd Acc(z) | 2136.2 | 2248.5 | -7.5 | – |
| Euro Fd Acc(z) | 362.9 | 382.0 | -4.9 | – |
| Fixed Int. Acc (z) | 714.3 | 751.9 | +0.9 | – |
| Gt. Money Pn Acc(z) | 438.1 | 461.1 | +0.2 | – |
| High Interest | 148.4 | 156.1 | ---- | – |
| High Income Fd Acc(z) | 128.8 | 135.5 | -0.1 | – |
| Intl Man Fd(z) | 672.9 | 708.3 | +5.3 | – |
| Jap Pen Fd Acc(z) | 447.8 | 471.3 | +6.8 | – |
| UK Smllr Co's Fd Acc(z) | 130.3 | 137.1 | -2.0 | – |
| Europlus Metro | 134.3 | 141.4 | +0.5 | – |
| Global Metro | 119.6 | 125.9 | +0.6 | – |
| Sunrise Metro | 139.6 | 146.9 | +0.9 | – |
| UK Metro | 123.8 | 130.2 | -0.4 | – |
| N Am Pn Fd Acc(z) | 269.1 | 283.2 | +1.9 | – |
| Pac Basin Fd Acc(z) | 199.6 | 210.1 | +0.2 | – |
| Property(z) | 615.7 | 648.0 | +0.1 | – |
| Mitple Inv Pens Acc(z) | 1521.4 | 1601.4 | -1.8 | – |
| Broker Funds | | | | |
| Prof. Pen. Fd | 100.7 | 106.0 | +0.2 | – |
| YRA Strategy | 127.1 | 133.8 | +0.1 | – |
| YRA Performance | 109.4 | 115.1 | +0.1 | – |
| Langham Dollar (SE) | 143.3 | 150.8 | -0.3 | – |
| **Allied Dunbar Assurance Plc** Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514 | | | | |
| Fixed Int. Dep. Acc | 266.8 | 280.9 | +0.1 | – |
| Equity Acc | 904.5 | 952.2 | -0.7 | – |
| Property Acc | 513.7 | 540.8 | +0.3 | – |
| Far East Acc | 219.6 | 231.2 | +1.6 | – |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Citicorp British National** Perrymount Road, Haywards Heath 0444 414111 | | | | |
| Managed | 258.1 | 271.7 | ---- | – |
| International | 279.6 | 294.3 | ---- | – |
| Property | 279.2 | 293.9 | ---- | – |
| Equity | 365.5 | 384.8 | ---- | – |
| New Technology | 191.6 | 201.7 | ---- | – |
| American | 122.7 | 129.2 | ---- | – |
| Orient | 111.0 | 116.9 | ---- | – |
| European | 108.6 | 114.3 | ---- | – |
| Fixed Interest | 178.0 | 187.4 | ---- | – |
| Deposit | 144.0 | 151.6 | ---- | – |
| Managed Series 2 | 257.0 | 270.5 | ---- | – |
| Property Series 2 | 280.9 | 295.7 | ---- | – |
| International Series 2 | 279.6 | 294.3 | ---- | – |
| Equity Series 2 | 364.4 | 383.5 | ---- | – |
| SV Global Gwth Ser 2 | 139.3 | 146.7 | ---- | – |
| Managed Pension Accum | 353.0 | 371.5 | ---- | – |
| **City of Edinburgh Life Assurance** 2 Eyre Street Hill, London EC1R 5 | | | | |
| Managed Inv Tst Fd | 63.0 | | | |
| Risk & Reward Bond | 191.0 | | | |
| Guaranteed Cash Fd | 131.0 | | | |
| Global Growth Fd | 150.0 | | | |
| Special Sits Fd | 96.0 | | | |
| UK Blue Chip Fd | 125.0 | | | |
| Far Eastern | 82.0 | | | |
| Ivory & Sime Pens Fd | 134.0 | | | |
| Risk & Reward Pens Fd | 198.0 | | | |
| Murray J'stone Pens Fd | 184.0 | | | |
| Inv Strategy Pens Fd | 154.0 | | | |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Crusader Insurance Plc** Reigate, Surrey RH2 8BL 0737 242424 | | | | |
| Life Funds | | | | |
| Managed Performance | 110.6 | 117.0 | -0.6 | – |
| Performance Plus | 106.5 | 112.7 | -0.4 | – |
| With Profit Perform | 121.9 | 129.0 | +0.1 | – |
| UK Opportunity | 142.4 | 150.7 | -1.4 | – |
| European Opportunity | 127.8 | 135.2 | -0.1 | – |
| Nth American Opp | 108.3 | 114.6 | -0.4 | – |
| Far Eastern Opp | 129.3 | 136.8 | ---- | – |
| Overseas | 112.1 | 118.6 | -0.3 | – |
| Gwth Prp Ser 1 (Aug 8) | 216.0 | 227.3 | ---- | – |
| Gwth Prp Ser 2 | 167.2 | 176.9 | ---- | – |
| Fixed Interest | 112.5 | 119.0 | -0.7 | – |
| Cash | 113.9 | 120.5 | +0.1 | – |
| **Assicurazioni GENERALI SpA** 117 Fenchurch St, London EC3M 5DY 01-488 0733 | | | | |
| Hambro Generali UK Gth | 160.8 | 169.3 | ---- | – |
| Hambro Generali Poly | 191.4 | 201.5 | ---- | – |
| Hambros Canadian | 132.2 | 139.2 | ---- | – |
| Hambros Equity Inc | 160.4 | 168.9 | ---- | – |
| Hambros European | 142.9 | 150.5 | ---- | – |
| Hambros High Income | 205.7 | 216.6 | ---- | – |
| Hambros Jap & Far East | 152.0 | 160.0 | ---- | – |
| Hambros Nth American | 181.8 | 191.4 | ---- | – |
| Hambros Res & Assets | 174.9 | 184.2 | ---- | – |
| Hambros Scandinavian | 182.9 | 192.6 | ---- | – |
| Hambros Smaller Cos | 161.7 | 170.3 | ---- | – |
| Generali Intnl Managed | 538.1 | 566.4 | ---- | – |
| Generali Int Mgd Pns | 240.1 | 253.1 | ---- | – |
| Generali Cash | 133.8 | 140.8 | ---- | – |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Irish Life Assurance Co Plc – Contd.** | | | | |
| Universal Pacific | 128.1 | 134.8 | ---- | – |
| Univ Intl Spec Sit | 138.4 | 145.7 | ---- | – |
| Univ Intl Fxd Int | 133.3 | 140.3 | ---- | – |
| Universal Property | 98.2 | 103.4 | ---- | – |
| Universal Cash | 109.4 | 115.2 | ---- | – |
| Managed Pen Ser 2 | 606.5 | 638.4 | ---- | – |
| Equity Pen. Series 2 | 733.2 | 771.8 | ---- | – |
| Gilt Edged Pen. Ser. 2 | 433.2 | 456.0 | ---- | – |
| Property Pen Ser. 2 | 249.7 | 262.8 | ---- | – |
| Cash Pension Series 2 | 214.6 | 225.9 | ---- | – |
| Security Man Pen Ser 3 | 122.6 | 129.0 | ---- | – |
| Bal Man Pen Ser 3 | 631.8 | 665.1 | ---- | – |
| Opp Man Pen Ser 3 | 119.5 | 125.8 | ---- | – |
| UK Equity Pen Ser 3 | 724.7 | 762.8 | ---- | – |
| Intl Equity Pen Ser 3 | 770.3 | 810.8 | ---- | – |
| **MGM Assurance(z)** MGM House, Heene Rd, Worthing 0903 204631 | | | | |
| UK Equity Acc | 270.2 | 284.5 | -1.1 | – |
| Special Situations Acc | 243.8 | 256.7 | -1.0 | – |
| North American Acc | 186.1 | 195.9 | +0.8 | – |
| Pacific Basin Acc | 395.3 | 416.2 | +0.8 | – |
| Fixed Interest Acc | 262.3 | 276.2 | +0.1 | – |
| Property Acc | 213.8 | 225.1 | ---- | – |
| Deposit Acc | 145.9 | 153.6 | +0.1 | – |
| Managed Acc | 264.4 | 278.4 | -0.2 | – |
| Intl Equity Acc | 117.4 | 123.6 | +0.5 | – |
| Bonus Gwth Fd Acc | 115.4 | 121.5 | +0.1 | – |
| Pension Funds | | | | |
| Pens. Equity Acc | 323.7 | 340.8 | -1.6 | – |
| Pens. Spec. Sits. Acc | 304.1 | 320.2 | -1.5 | – |
| Pens. Nth American Acc | 221.9 | 233.6 | +1.3 | – |
| **NEL Britannia Assce Co Ltd – Contd.** | | | | |
| New Era Pensions | | | | |
| Mgd Gilt Edged Fd | 107.1 | 107.1 | (z) | – |
| Mgd Bldg Soc Fd | 114.9 | 114.9 | (z) | – |
| Mgd Currency Fd | 115.2 | 115.2 | (z) | – |
| Deposit Fd | 115.2 | 115.2 | (z) | – |
| Mild Brt Mgd P'folio | 126.9 | 126.9 | (z) | – |
| Barings Mgd P'folio | 116.1 | 116.1 | (z) | – |
| Fidelity Mgd P'folio | 122.9 | 122.9 | (z) | – |
| GT Mgd P'folio | 120.7 | 120.7 | (z) | – |
| Gartmore Mgd P'folio | 123.3 | 123.3 | (z) | – |
| Henderson Mgd P'folio | 139.1 | 139.1 | (z) | – |
| Mathesons Mgd P'folio | 127.1 | 127.1 | (z) | – |
| Perpetual Mgd P'folio | 131.9 | 131.9 | (z) | – |
| Royal Tst Mgd P'folio | 115.2 | 115.2 | (z) | – |
| MIM Brit Exempt Tst | 125.9 | 125.9 | (z) | – |

Continued on next page

# FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Premium Life Assurance Co Ltd** | | | | |
| 37-39, Perrymount Road, Haywards Heath 0444 458721 | | | | |
| American | 125.0 | 132.0 | +1.0 | – |
| Building Soc. Fd | 174.0 | 184.0 | ..... | – |
| Balanced | 293.0 | 309.0 | ..... | – |
| European | 194.0 | 205.0 | ..... | – |
| GT Managed | 192.0 | 203.0 | ..... | – |
| Gartmore Mngd | 129.0 | 136.0 | +1.0 | – |
| German | 138.0 | 146.0 | ..... | – |
| Gilt | 181.0 | 191.0 | −1.0 | – |
| Global | 50.0 | 53.0 | ..... | – |
| High Inc | 121.0 | 128.0 | ..... | – |
| International Equity | 205.0 | 216.0 | ..... | – |
| Japan | 277.0 | 292.0 | +6.0 | – |
| Managed | 64.0 | 68.0 | ..... | – |
| Property | 292.0 | 308.0 | ..... | – |
| R. W. Imperial Gold | 155.0 | 164.0 | ..... | – |
| UK Equity | 365.0 | 385.0 | ..... | – |
| Pension Funds | | | | |
| American | 152.0 | 160.0 | ..... | – |
| Building Soc. Fd | 177.0 | 187.0 | ..... | – |
| Balanced | 227.0 | 239.0 | ..... | – |
| European | 193.0 | 204.0 | ..... | – |
| German | 122.0 | 129.0 | ..... | – |
| Gilt | 159.0 | 168.0 | ..... | – |
| International Equity | 148.0 | 156.0 | ..... | – |
| Japan | 145.0 | 153.0 | ..... | – |
| Managed | 67.0 | 71.0 | ..... | – |
| Property | 224.0 | 236.0 | ..... | – |
| UK Equity | 335.0 | 353.0 | ..... | – |
| **Professional Life Assurance Co Ltd** | | | | |
| Frobisher Hse, Nelson Gate, Southampton 0703 232323 | | | | |
| Pensions Managed Fund | 97.61 | 103.19 | +0.32 | – |
| Pensions Cash Fund | 80.19 | 84.41 | +0.03 | – |

**Prolific Life & Pensions Ltd**

**Prudential Holborn Pensions Ltd—Contd.**

**Prudential Pensions Limited**

**Regency Life Assurance Co Ltd**

**Reliance Mutual**

**Royal Heritage Life Assurance Ltd**

**Royal Life Insurance Ltd**

**Royal Liver Assurance**

**Scottish Amicable**

**Scottish Equitable Life Assce. Soc.—Contd.**

**Scottish Life Investments**

**Scottish Mutual Assurance Society**

**Scottish Mutual Investments**

**Scottish Provident Institution**

**Scottish Widows' Group**

**Shield Assurance Ltd**

**Skandia Life Assurance Co Ltd—Contd.**

**Standard Life Assurance Company**

**Sun Alliance Insurance Group**

**Sun Life of Canada (UK) Ltd**

**Sun Life Unit Assurance Ltd**

**Swiss Life Pensions Ltd**

**TSB Life Ltd**

**Target Life Assurance Co Ltd—Contd.**

**Roxborough Financial Management Ltd—Contd.**

**Rutland Ins Bkg & Inv Grp ("RIBIG")**

**Teachers' Assurance Company Ltd**

**Tunbridge Wells Equitable**

**Sharp (Albert E) & Co**

**Sitale Fund Managers Limited**

**Windsor Life Assur Co Ltd**

**Zurich Life Assurance Co Ltd**

## OFFSHORE AND OVERSEAS

## GUERNSEY (SIB RECOGNISED)

## MANAGEMENT SERVICES

**Royal Bank of Canada Funds**

**AEtna Intl Assurance (Bermuda) Ltd**

## JERSEY (SIB RECOGNISED)

## IoM (SIB RECOGNISED)

## LUXEMBOURG (SIB RECOGNISED)

## JERSEY (**)

## SWITZERLAND (SIB RECOGNISED)

## GUERNSEY (**)

# FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99 11/16 | 98 3/16 | Exch 11pc 1989 | 99 13/16xd | ...... | – | – |
| 99 7/16 | 95 5/8 | Treas 5pc 1986-89 | 99 3/4xd | ...... | | |
| 99 5/8 | 98 5/8 | Exch 10¼pcCv '89 | 99 3/16 | +1/16 | 10.31 | 13.60 |
| 101 11/16 | 99 5/8 | Treas 13pc 1990‡‡ | 99 13/16 | +1/32 | 13.03 | 13.34 |
| 132 7/8 | 124 | Treas 2pc IL '90(34.6) | 132 1/4 | +1/8 | 2.09 | 9.98 |
| 99 9/16 | 96 11/16 | Exch 11pc 1990‡‡ | 99 3/16 | +1/16 | 11.10 | 13.24 |
| 101 1/4 | 99 3/8 | Exch. 12½pc 1990 | 99 1/2 | +1/16 | 12.56 | 13.69 |
| 95 5/8 | 91 1/4 | Treas. 3pc 1990 | 95 9/16 | +1/32 | 3.14 | 10.98 |
| 97 3/4 | 95 5/8 | Treas 8¼pc 1987-90‡‡ | 97 | +1/8 | 8.50 | 12.66 |
| 98 13/16 | 95 1/4 | Treas. 8pc Cv 1990 ‡‡ | 96 1/16 | +1/16 | 8.30 | 12.95 |
| 98 11/16 | 96 3/8 | Treas. 10pcCv 1990 | 97 1/4xd | +1/32 | 10.31 | 13.09 |
| 93 9/16 | 87 13/16 | Exch 2½pc 1990 | 92 1/16 | | 2.70 | 9.51 |
| 101 13/16 | 98 3/8 | Treas 11¾pc 1991 | 98 11/16 | +1/32 | 11.91 | 12.84 |
| 93 1/4 | 89 3/8 | Funding 5¾pc '87-91‡‡ | 92 5/8xd | –1/32 | 6.20 | 11.09 |
| 90 7/8 | 86 3/8 | Treas. 3pc 1991 | 89 3/4 | | 3.34 | 9.96 |
| 100 1/8 | 95 11/16 | Treas 10pc Cv '91 ‡‡ | 95 13/16 | –1/32 | 10.42 | 12.54 |
| 101 7/16 | 97 1/2 | Exch. 11pc 1991 | 97 15/16xd | +1/32 | 11.27 | 12.37 |
| 94 5/8 | 91 11/16 | Treas. 8pc 1991 | 91 13/16 | | 8.71 | 12.31 |
| 106 3/4 | 101 5/8 | Treas 12¾pc 1992‡‡ | 101 5/8 | –1/32 | 12.55 | 11.88 |
| 99 1/2 | 95 7/8 | Treas 10pc 1992 | 95 7/8 | –1/32 | 10.43 | 12.00 |
| 94 1/2 | 91 | Treas. 8pc 1992 ‡‡ | 91 1/2xd | –1/32 | 8.74 | 11.98 |
| 100 3/4 | 96 13/16 | Treas 10½pc Cv 1992‡‡ | 96 15/16 | –1/32 | 10.83 | 11.88 |
| 85 5/8 | 82 1/4 | Treas. 3pc 1992 | 84 | –1/32 | 3.56 | 9.74 |
| 105 13/16 | 101 3/16 | Exch. 12¼pc '92 | 101 3/16 | –1/32 | 12.13 | 11.81 |
| 109 3/4 | 104 7/8 | Exch 13½pc 1992 | 104 7/8 | –1/16 | 12.93 | 11.68 |
| 94 3/8 | 90 11/16 | Treas 8¼pc 1993 | 91 1/16 | –1/32 | 9.06 | 11.48 |
| 100 7/8 | 95 3/4 | Treas 10pc 1993‡‡ | 96 3/16xd | –1/32 | 10.40 | 11.35 |
| 108 3/4 | 103 11/16 | Treas 12½pc 1993‡‡ | 103 3/4 | –1/32 | 12.09 | 11.35 |
| 88 3/4 | 84 1/4 | Funding 6pc 1993‡‡ | 85 13/16 | –1/32 | 7.02 | 10.56 |
| 113 3/4 | 108 3/8 | Treas 13¾pc 1993‡‡ | 108 1/2 | –1/16 | 12.73 | 11.25 |
| 94 3/8 | 89 3/4 | Treas. 8½pc 1994 | 90 5/8 | | 9.38 | 11.26 |
| 117 13/16 | 111 13/16 | Treas 14½pc 1994‡‡ | 111 13/16 | –1/16 | 12.97 | 11.06 |
| 113 9/16 | 107 13/16 | Exch 13½pc 1994 | 107 15/16xd | ...... | 12.51 | 11.25 |
| 100 5/8 | 95 13/16 | Treas. 10pc Ln. 1994‡‡ | 96 1/16 | –1/16 | 10.42 | 11.10 |
| 110 1/4 | 104 7/32 | Exch. 12½pc 1994 | 104 13/16 | –1/32 | 11.94 | 11.21 |

### Five to Fifteen Years

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 96 13/16 | 91 3/4 | Treas 9pc 1994‡‡ | 92 1/4 | ...... | 9.76 | 11.00 |
| 108 13/16 | 102 13/16 | Treas 12pc 1995 | 103 3/16 | –1/16 | 11.63 | 11.17 |
| 79 3/4 | 74 1/4 | Exch 3pc Gas 90-95 | 74 1/4xd | –1/16 | 4.04 | 8.94 |
| 101 11/16 | 95 1/4 | Exch. 10¼pc 1995 | 96 5/8 | –1/16 | 10.61 | 11.03 |
| 113 11/16 | 107 1/4 | Treas 12¾pc 1995‡‡ | 107 13/16 | –1/16 | 11.82 | 10.93 |
| 119 13/16 | 112 5/8 | Treas. 14pc '96 | 112 15/16 | –1/16 | 12.40 | 11.07 |
| 97 1/2 | 91 3/8 | Treas. 9pc 1992-96‡‡ | 92 1/4 | –1/32 | 9.76 | 10.70 |
| 126 13/16 | 119 7/8 | Treas 15¼pc 1996‡‡ | 120 3/16xd | –1/32 | 12.71 | 10.92 |
| 117 3/8 | 110 | Exch 13¼pc 1996‡‡ | 110 13/16 | –1/16 | 11.96 | 10.90 |
| 101 7/8 | 94 11/16 | Conversion 10pc 1996 | 95 13/16 | –1/32 | 10.41 | 10.80 |
| 118 1/2 | 110 3/4 | Treas 13¼pc 1997‡‡ | 111 3/4 | –1/16 | 11.84 | 10.83 |
| 104 1/2 | 97 1/2 | Exch 10½pc 1997 | 98 5/8 | –1/16 | 10.65 | 10.77 |
| 95 11/16 | 88 3/4 | Treas 8¾pc 1997‡‡ | 90 3/8 | –1/16 | 9.68 | 10.56 |
| 128 5/8 | 120 3/4 | Exch 15pc 1997 | 121 1/2xd | –1/16 | 12.34 | 10.92 |
| 100 11/16 | 93 13/16 | Exch. 9¾pc 1998 | 95 1/4 | –1/16 | 10.25 | 10.63 |
| 84 7/8 | 78 5/8 | Treas 6¾pc 1995-98‡‡ | 80 3/8xd | –1/16 | 8.41 | 10.26 |
| 134 3/8 | 125 3/8 | Treas. 15½pc '98‡‡ | 126 7/8xd | –1/16 | 12.22 | 10.76 |
| 113 13/16 | 105 1/4 | Exch. 12pc 1998 | 107 1/4 | –1/16 | 11.20 | 10.73 |
| 100 1/4 | 93 3/8 | Treas 9½pc 1999‡‡ | 94 3/4 | –1/16 | 10.02 | 10.37 |
| 115 7/8 | 107 1/2 | Exch. 12¼pc 1999 | 109 1/4 | –1/16 | 11.22 | 10.69 |
| 105 5/8 | 97 7/8 | Treas. 10½pc 1999 | 99 3/8 | –1/16 | 10.56 | 10.58 |
| 104 3/8 | 96 5/8 | Conversion 10¼pc 1999 | 97 13/16 | –1/16 | 10.45 | 10.55 |
| 94 3/8 | 86 7/8 | Treas. 8½pc Ln 2000‡‡ | 88 13/16 | –1/16 | 9.59 | 10.29 |
| 97 7/8 | 90 | Conversion 9pc 2000‡‡ | 91 13/16 | –1/16 | 9.81 | 10.31 |
| 122 3/4 | 113 1/4 | Treas. 13pc 2000 | 114 5/8 | –1/16 | 11.34 | 10.67 |
| 103 5/8 | 95 5/8 | Treas 10pc 2001 | 97 1/2 | –1/16 | 10.26 | 10.37 |
| 124 13/16 | 115 1/2 | Treas. 14pc '98-01 | 116 15/16 | –1/16 | 11.96 | 10.89 |
| 102 7/8 | 94 3/8 | Conversion 9¾pc 2001 | 95 13/16 | –1/16 | 10.16 | 10.34 |
| 113 13/16 | 105 1/4 | Exch. 12pc '99-02 | 107 1/2 | –1/16 | 11.20 | 10.74 |
| 104 5/8 | 96 3/8 | Conversion 10pc 2002 | 98 1/8xd | –1/16 | 10.19 | 10.26 |
| 102 13/16 | 94 11/16 | Treas 9¾pc 2002 | 96 11/16 | –1/16 | 10.10 | 10.23 |
| 97 13/16 | 89 13/16 | Exch. 9pc 2002 | 91 9/16 | –1/16 | 9.83 | 10.16 |
| 126 13/16 | 117 7/8 | Treas. 13¾pc 2000-03 | 119 3/8 | –1/16 | 11.53 | 10.70 |
| 105 3/4 | 97 1/4 | Treas 10pc 2003 | 99 1/4 | –1/16 | 10.08 | 10.10 |
| 113 13/16 | 104 3/8 | Treas. 11½pc 2001-04 | 106 3/8 | –1/16 | 10.81 | 10.53 |
| 106 3/4 | 97 5/8 | Treas. 10pc 2004 | 99 13/16 | –1/16 | 10.03 | 10.03 |
| 59 7/8 | 55 1/8 | Funding 3½pc '99-04 | 56 3/8 | –1/16 | 6.20 | 8.83 |

## BRITISH FUNDS—Contd

### Over Fifteen Years

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 102 13/16 | 94 3/4 | Conversion 9½pc 2004 | 96 3/8xd | –1/16 | 9.85 | 9.96 |
| 103 1/4 | 94 1/2 | Conversion 9½pc 2005 | 96 5/16xd | –1/16 | 9.83 | 9.93 |
| 111 3/4 | 102 3/8 | Exch. 10½pc 2005 | 104 5/8 | –1/16 | 10.04 | 9.91 |
| 125 3/8 | 115 5/8 | Treas. 12½pc 2003-05 | 117 3/8 | –1/16 | 10.64 | 10.14 |
| 90 5/8 | 82 7/8 | Treas. 8pc 2002-06‡‡ | 84 13/16xd | –1/16 | 9.41 | 9.83 |
| 105 5/8 | 97 1/4 | Conversion 9¾pc 2006 | 99 1/4 | –1/16 | 9.83 | 9.84 |
| 118 13/16 | 109 1/4 | Treas. 11¾pc 2003-07 | 111 1/2 | –1/16 | 10.54 | 10.14 |
| 96 1/16 | 87 11/16 | Treas 8½pc 2007 ‡‡ | 89 13/16 | –1/16 | 9.44 | 9.68 |
| 134 5/8 | 123 5/8 | Treas. 13½pc '04-08 | 126 1/16 | –1/8 | 10.72 | 10.06 |
| 101 1/4 | 92 3/8 | Treas. 9pc 2008 ‡‡ | 94 13/16xd | –1/16 | 9.52 | 9.63 |
| 92 3/8 | 84 1/8 | Treas 8pc 2009 | 86 1/4 | –1/16 | 9.30 | 9.58 |
| 102 1/4 | 93 3/8 | Conv 9pc Ln 2011 ‡‡ | 95 1/4 | –1/16 | 9.45 | 9.52 |
| 68 7/8 | 62 1/8 | Treas. 5½pc 2008-12‡‡ | 64 | –1/16 | 8.62 | 9.36 |
| 89 7/8 | 82 1/16 | Treas. 7¾pc 2012-15‡‡ | 83 5/8 | –1/16 | 9.29 | 9.48 |
| 132 3/8 | 121 1/4 | Exch. 12pc '13-'17 | 123 3/8 | –1/16 | 9.75 | 9.53 |

### Undated

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 45 5/8 | 41 1/2 | Consols 4pc | 41 5/8 | –1/16 | 9.61 | – |
| 40 3/4 | 36 5/8 | War Loan 3½pc‡‡ | 37 | –1/16 | 9.46 | – |
| 70 1/4 | 60 7/8 | Conv. 3½pc '61 Aft | 63 11/16xd | ...... | 5.50 | – |
| 41 3/4 | 31 13/16 | Treas. 3pc '66 Aft | 33 3/8xd | –1/16 | 8.94 | – |
| 30 1/4 | 26 | Consols 2½pc | 26 5/8xd | –1/16 | 9.48 | – |
| 29 1/2 | 25 1/4 | Treas. 2½pc | 26 1/8xd | –1/16 | 9.57 | – |

### Index-Linked

| 1989 High | Low | Stock (b) | Price £ | + or – | (1) | (2) |
|---|---|---|---|---|---|---|
| 112 3/4 | 103 7/8 | Tr. 2pc '92‡‡(97.8) | 111 | –1/4 | 2.45 | 3.55 |
| 105 3/4 | 94 13/16 | Do. 2 '94 (102.9) | 103 | –1/8 | 2.83 | 3.41 |
| 155 1/4 | 139 1/4 | Do. 2pc '96(67.9) | 152 | –1/2 | 2.96 | 3.36 |
| 130 13/16 | 118 3/4 | Do 2½pc '01(78.3) | 128 1/4 | ...... | 3.37 | 3.64 |
| 127 13/16 | 115 5/8 | Do. 2½pc '03(78.8) | 124 13/16 | ...... | 3.46 | 3.69 |
| 131 3/8 | 117 13/16 | Do. 2pc '06(69.5) | 128 3/8 | –1/16 | 3.49 | 3.68 |
| 123 3/8 | 110 1/4 | Do. 2½pc '09(78.8) | 119 5/8 | –1/16 | 3.50 | 3.67 |
| 128 | 114 15/16 | Do. 2½pc '11(74.6) | 124 1/4 | –1/16 | 3.49 | 3.66 |
| 106 3/4 | 95 1/4 | Do. 2½pc '13(89.2) | 103 3/8 | –1/16 | 3.48 | 3.63 |
| 115 3/4 | 101 1/4 | Do. 2½pc '16(81.6) | 112 1/4 | –1/16 | 3.44 | 3.59 |
| 112 13/16 | 100 3/4 | Do. 2½pc '20(83.0) | 109 13/16xd | –1/16 | 3.40 | 3.53 |
| 95 3/8 | 84 13/16 | Do. 2½pc '24‡‡(97.7) | 92 5/8 | –1/16 | 3.37 | 3.49 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1989: 111.0 and for August 1989: 115.8.

## INT. BANK AND O'SEAS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 108 13/16 | 99 1/2 | African Dv Bk 11¼Ln 2010 | 101 11/16 | –1/8 | 10.94 | 10.90 |
| 104 7/8 | 96 1/4 | Asian Dev Bk 10¼pcLn2009 | 98 | –1/8 | 10.46 | 10.49 |
| 130 3/8 | 119 13/16 | Australia 13½pc 2010 | 121 13/16xd | –1/8 | 11.08 | 10.83 |
| 113 13/16 | 102 7/8 | Do. 11⅛pcLn2015 | 104 7/8 | –1/8 | 10.85 | 10.81 |
| 108 13/16 | 99 13/16 | Euro Inv Bk 11pc Ln 2002 | 102 1/8 | –1/16 | 10.77 | 10.69 |
| 104 13/16 | 95 13/16 | Do. 10¾pc2004 | 97 13/16 | –1/8 | 10.60 | 10.64 |
| 119 3/8 | 109 13/16 | Int-Am Dev Bk 12½pc 2003 | 111 13/16 | –1/8 | 11.22 | 10.84 |
| 99 1/4 | 90 7/8 | Do. 9¼pcLn 2015 | 92 13/16 | –1/32 | 10.52 | 10.57 |
| 97 1/2 | 91 1/2 | Mlysia 10¾pcLn 2009 | 93 1/2xd | ...... | 11.50 | 11.60 |
| 120 | 115 | Utd. Mexican States 16½pc 2008 | 115 | ...... | 14.35 | 14.20 |

## CORPORATION LOANS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 102 | 99 1/2 | Birmingham 13½pc 1989 | 100 1/2 | ...... | 13.43 | 11.20 |
| 111 1/2 | 102 1/2 | Do. 11½pc 2012 | 106 1/2 | +2 | 10.80 | 10.70 |
| 91 | 86 1/2 | GLC 6¾pc 1990-92 | 89 1/2xd | ...... | 7.63 | 12.20 |
| 124 1/2 | 14 1/2 | Leeds 13½pc 2006 | 119 1/2xd | ...... | 11.30 | 10.94 |
| 33 | 30 | Liverpool 3½pc Irred | 32xd | ...... | 10.94 | – |
| 95 1/2 | 92 | LCC 6¾pc '88-90 | 95 1/2 | ...... | 7.14 | 11.90 |
| 30 | 27 | Do. 3pc '20 Aft | 30xd | ...... | 10.71 | – |
| 107 1/2 | 101 1/2 | Manchester 11½pc 2007 | 104 1/2 | ...... | 11.11 | 11.05 |

## COMMONWEALTH & AFRICAN LOANS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 89 1/2 | 86 1/2 | NZ 7½pc 1988-92 | 88 | ...... | 8.24 | 12.10 |
| 206 | 206 | S Rhod 2½pc Non-Asstd | 206 | ...... | – | – |
| 84 1/2 | 84 1/2 | Do. 4½pc 87-92 Asstd | 84 1/2 | ...... | 5.33 | 9.33 |

## LOANS

### Building Societies

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99 31/32 | 99 1/16 | N'wide Anglia 12⅜pc 2.10.89 | 99 31/32 | ...... | 12.32 | 15.19 |
| 99 13/16 | 98 1/4 | Do. 11 13/16pc 6.11.89 | 99 13/16 | ...... | 11.86 | 13.95 |
| 100 | 98 13/16 | Do. 12¼pc 4.12.89 | 99 13/16 | ...... | 12.38 | 14.41 |
| 100 1/4 | 99 3/8 | Do. 12 13/16pc 2.1.90 | 99 13/16 | ...... | 12.88 | 14.38 |
| 100 1/2 | 98 3/4 | Do. 12⅝pc 29.1.90 | 99 3/8 | ...... | 12.65 | 14.32 |
| 100 | 98 1/4 | Do. 12 11/16pc 26.2.90 | 99 1/4 | ...... | 12.78 | 14.29 |
| 100 | 98 13/16 | Do. 12⅞pc 19.3.90 | 99 13/16 | ...... | 12.96 | 14.40 |
| 100 3/32 | 99 1/8 | Do. 13⅜pc 23.4.90 | 99 3/8xd | ...... | 13.43 | 14.34 |
| 100 | 99 | Do. 13pc 14.5.90 | 99 1/8 | ...... | 13.11 | 14.26 |
| 100 | 98 5/8 | Do. 13 11/16pc 4/6/90 | 99 13/16 | ...... | 13.75 | 14.25 |
| 100 13/16 | 99 13/16 | Do. 14 3/16pc 2.7.90 | 99 13/16 | ...... | 14.31 | 14.22 |
| 100 1/4 | 99 13/16 | Do. 13⅝pc 23.7.90 | 99 13/16 | ...... | 13.71 | 14.26 |
| 107 | 98 1/2 | Do. 3⅞pcIL Ln 2021 | 105 1/2xd | ...... | 4.29 | 4.40 |

### Public Board and Ind.

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 47 | 43 | Met. Wtr. 3pc 'B' | 46xd | ...... | 6.52 | 10.62 |

## FOREIGN BONDS & RAILS

| 1989 High | Low | Stock | Price £ | + or – | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 45 | 40 | Greek 7pc Ass | 40 | ...... | 3.50 | f8.75 |
| 45 | 40 | Do. 6pc 28 Stb. Ass | 40xd | ...... | 3 | f7.50 |
| 45 | 40 | Do 4pc Mixed Ass | 40xd | ...... | 2 | f5.00 |
| 80 | 65 | Hung. '24 Ass | 80 | ...... | 2.75 | f3.57 |
| 139 13/16 | 128 13/16 | Hydro Quebec 15pc 2011 | 130 3/8 | –1/8 | 15.00 | 11.23 |
| 128 15/16 | 118 1/4 | Iceland 14½pc Ln 2016 | 121 1/4xd | –1/8 | 14.50 | 11.85 |
| 97 3/4 | 91 1/2 | Ireland 9¾pc '91-96 | 91 1/4xd | –1/4 | 9.75 | 11.50 |

## AMERICANS

| 1989 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 41 3/8 | 26 1/8 | Abbott Laboratories‡ | 38 5/8xd | +7/8 | $1.40 | – | 2.3 |
| 579p | 361p | ♥Allegheny & W 1c | 498p | +5 | 30c | – | 3.9 |
| 18 3/4 | 12 3/4 | Amax $1 | 16 1/4xd | –1/8 | 80c | – | 3.1 |
| 11 5/8 | 6 | Ambase Corp $1 | 9 5/8xd | –1/8 | 20c | – | 1.3 |
| 15 | 848p | Amdahl 5c | 848pxd | –30 | h10c | – | 0.7 |
| 37 3/4 | 25 1/2 | Amer. Cyanamid $5 | 32 | +1/4 | $1.35 | – | 2.7 |
| 24 1/4 | 14 3/4 | Amer. Express 60c | 22 5/8xd | +1/8 | 84c | – | 2.4 |
| 16 1/4 | 854p | Amer. Medical Int. $1 | 13 1/4 | –1/8 | ♦72c | – | 3.4 |
| 27 | 15 1/4 | American T. & T. $1 | 26 7/8 | +1/8 | $1.20 | – | 2.9 |
| 40 5/8 | 26 3/8 | Ameritech $1 | 38 3/4 | –1/8 | h$2.92 | – | 4.8 |
| 659p | 535p | ♥Asiamerica Equity‡ | 560p | +5 | – | – | – |
| 21 1/8 | 9 3/4 | BankAmerica $1 7/8 | 21 1/4xd | +1/8 | 60c | – | 1.8 |
| 35 3/4 | 19 1/4 | Bankers N.Y. $1 | 32 1/4xd | –1/8 | $2.08 | – | 4.1 |
| 63 5/8 | 38 1/2 | Bell Atlantic $1 | 61 1/4 | +1/8 | $4.08 | – | 4.2 |
| 34 1/4 | 19 1/4 | BellSouth Corp | 33 1/2 | +1/8 | $2.52 | – | 4.8 |
| 15 3/4 | 12 1/4 | ♥Bethlehem Steel $8 | 13 1/4xd | +1/8 | $1.00 | – | 4.8 |
| 11 5/8 | 868p | ♥Bio-Rad Labs. A | 11 1/4 | ...... | – | – | – |
| 20 1/4 | 15 1/4 | Bowater Inc | 17 5/8 | +1/8 | $1.12 | – | 4.0 |
| 12 3/4 | 9 1/4 | Brunswick 75c | 10 1/4xd | ...... | 44c | – | 2.7 |
| 42 5/8 | 28 1/4 | CPC Intnl. 25c | 40 1/4 | +1/8 | $1.80 | – | 2.8 |
| 840p | 333p | California Engy | 766p | +7 | – | – | – |
| 36 13/16 | 17 1/4 | Campbell Soup 15c | 28 13/16xd | –1/8 | 92c | – | 2.0 |
| 25 7/8 | 15 3/4 | Chase Manhattan $12½ | 25 1/4xd | +1/8 | $2.36 | – | 5.9 |
| 25 1/4 | 17 | Chem. Banking Corpn | 24 | +1/8 | $2.72 | – | 7.2 |
| 17 1/2 | 13 7/8 | Chrysler $6¼ | 15 1/2xd | –1/8 | $1.20 | – | 4.9 |
| 22 1/4 | 14 1/4 | Citicorp $1 | 20 3/8xd | +1/8 | $1.62 | – | 5.1 |
| 230p | 107p | CityFed Fin. Corp | 124p | +1 | 4c | – | 2.0 |
| 39 1/4 | 25 1/4 | Colgate-Palmolive $1 | 37 1/4xd | +1/8 | s$1.48 | – | 2.5 |
| 17 1/4 | 10 1/4 | Cont'l Bank Corp $4 | 15 1/4 | +1/8 | 80c | – | 3.2 |
| 410p | 216p | ♥Corporate Data Scnce | 400p | ...... | – | – | – |
| 597p | 278p | Cullinet Sftwr 1c | 536p | ...... | – | – | – |
| 27 1/2 | 21 3/8 | Dana Corp. $1 | 23 5/8xd | ...... | $1.60 | – | 4.3 |
| 12 | 854p | Data General | 918p | –7 | – | – | – |
| 38 3/8 | 28 5/8 | Dun & Bradstreet $1 | 34 1/4 | +1/8 | $2.00 | – | 3.6 |
| 43 1/2 | 30 1/2 | Eaton Corpn. 50c | 39 1/4 | +1/2 | h$2.00 | – | 3.2 |
| 11 3/4 | 8 3/4 | Echlin Inc | 9 1/4 | –1/8 | 70c | – | 4.7 |
| 20 3/4 | 16 3/4 | FPL Group 1c | 19 3/4xd | ...... | $2.28 | – | 7.3 |

Continued on next page

Henderson Global Strategy Mngmt SA

| Henderson Global Strategy Fund | Bid Price | Offer Price | + or – | Yield Gross |
|---|---|---|---|---|
| North Am Portfolio | £0.97 | 1.02xd | +0.02 | – |
| European Portfolio | £1.44 | 1.52xd | ..... | – |
| UK Growth Portfolio | £1.01 | 1.07xd | –0.02 | – |
| Japan Portfolio | £1.46 | 1.54xd | +0.01 | – |
| Pacific Portfolio | £1.30 | 1.37xd | +0.01 | – |
| Managed Intl Portfolio | £1.14 | 1.20xd | +0.01 | – |

HICS Europe and Income Fund

NM Income & Gwth Fd

NM Financial Mngt Intl Ltd

Schroders Australia Ltd

Scimitar Bermuda Funds

Segespar Securities (Bermuda) Ltd

Seoul International Trust

Gartmore Money Management Ltd—Contd.

# Money Market Bank Accounts

# Money Market Trust Funds

UNIT TRUST NOTES

# LONDON SHARE SERVICE



## AMERICANS—Contd

| 1989 High | Low | Stock | Price £ | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 35⅛ | 27¾ | Ford Motor $1 | 31⅝xd | +⅛ | $3.00 | − | 6.0 |
| 37½ | 24¼ | Gen. Elect. 63c | 34⅞ | +⅛ | $1.64 | − | 3.0 |
| 579p | 460p | ♥General Host Corp $1 | 498p | −3 | 30c | − | 3.8 |
| 39⅛ | 18¼ | Gillette $1 | 28⅛ | +⅝ | 96c | − | 2.1 |
| 987p | 601p | Gt American Bank $1 | 770p | +7 | 20c | − | 1.6 |
| 23⅞ | 16⅛ | Greyhound $1½ | 21⅛ | ..... | $1.32 | − | 3.9 |
| 14½ | 847p | Hasbro Inc 50c | 13⅜ | +⅛ | 16c | − | 0.7 |
| 57½ | 32¾ | Honeywell $1½ | 51⅛xd | +⅛ | $2.10 | − | 2.6 |
| 22 | 15¼ | Houston Inds.‡ | 20⅞ | +⅛ | $2.96 | − | 9.0 |
| 76⅛ | 63⅛ | IBM Corpn $1¼ | 69⅛xd | −3⅛ | $4.84 | − | 4.4 |
| 60p | 45p | ♥Image Storage/R Sys. 1c | 55p | ..... | − | − | − |
| 32⅛ | 18¼ | Ingersoll-Rand $2 | 27⅜xd | +⅛ | $1.20 | − | 2.7 |
| 33¼ | 22½ | Lockheed Crpn. $1 | 29⅛xd | +⅛ | $1.80 | − | 3.8 |
| 22⅝ | 15⅛ | Lone Star Inds $1 | 19⅛xd | +⅛ | $1.90 | − | 6.2 |
| 27⅞ | 17½ | Louisiana Land 15c | 25⅛xd | −⅛ | $1.00 | − | 2.5 |
| 20⅛ | 11½ | Lowe's 50c | 18⅝ | ..... | 48c | − | 1.6 |
| 28 | 15⅛ | Manuf. Hanover $1 | 26¼ | +⅛ | $3.28 | − | 7.9 |
| 22⅝ | 13⅛ | Merrill Lynch $1 | 19⅛ | +⅛ | $1.00 | − | 3.3 |
| 2439p | 1910p | Molex Inc | 2340p | +26 | 3.2c | − | − |
| 27⅛ | 18⅛ | Morgan (JP) $2½ | 26⅛xd | +⅝ | $1.66 | − | 4.0 |
| 107⅞ | 96⅛ | Morris (Philip) | 99⅝ | +3 | $4.50 | − | 2.9 |
| 54½ | 36⅛ | NYNEX $1 | 49¼ | +⅛ | $4.36 | − | 5.5 |
| 44p | 20p | N'wide Legal Serv ‡ | 29p | ..... | − | − | − |
| 24⅞ | 18¼ | PHH Corp. ‡ | 23¼ | +⅛ | $1.12 | − | 3.0 |
| 259p | 179p | ♥Pacific Agr ‡ | 212p | ..... | − | − | − |
| 27¼ | 19 | Pacificorp $3¼ | 25⅛xd | +⅛ | $2.76 | − | 6.6 |
| 30¼ | 16⅞ | Pacific Telesis 10c | 28 | +⅛ | $1.88 | − | 4.2 |
| 22⅛ | 15¼ | Pall Corp. 25c | 21⅛ | +⅛ | 48c | − | 1.4 |
| 55⅝ | 39⅛ | Pennzoil 83 1/3c | 50⅛xd | +⅛ | $3.00 | − | 3.8 |
| 42⅛ | 28⅛ | Quaker Oats $5 | 38⅛ | −⅛ | $1.20 | − | 2.0 |
| 32⅜ | 23½ | Rep NY Corpn $5 | 30⅛xd | +⅛ | $1.28 | − | 2.7 |
| 16 | 11⅛ | Rockwell Intl. $1 | 14⅛xd | ..... | 78c | − | 3.3 |
| 29½ | 22 | Sears, Roebuck 75c | 26⅛ | −⅛ | $2.00 | − | 4.8 |
| 35⅝ | 21⅝ | Southwestern Bell $1 | 34⅛ | +⅜ | $2.60 | − | 4.7 |
| 27⅞ | 17⅛ | Sun Co. Inc. $1 | 24⅛xd | +⅛ | $1.80 | − | 4.7 |
| 31⅛ | 22⅛ | TRW Inc. 62½c | 29⅛ | +⅛ | $1.72 | − | 3.7 |
| 24⅞ | 14⅝ | TW Services $5 | 22⅞ | +⅛ | 10c | − | 0.3 |
| 39⅛ | 26¼ | Tenneco $5 | 36⅛ | +⅛ | $3.04 | − | 5.2 |
| 35⅛ | 28 | Texaco $6.25 | 31⅛xd | −⅛ | $3.00 | − | 6.0 |
| 28⅛ | 21⅝ | Texas Instr. $1 | 23⅞xd | ..... | 72c | − | 1.9 |
| 117⅛ | 58⅝ | Time Inc. $1 | 86½ | +⅛ | $1.00 | − | 0.7 |
| 19⅛ | 15⅛ | TRINOVA Corp. | 17⅛ | ..... | s68c | − | 2.5 |
| 24¼ | 16 | USX $1 | 20⅛xd | −⅛ | $1.40 | − | 4.4 |
| 260p | 126p | ♥Unilab | 248p | ..... | − | − | − |
| 36⅜ | 22⅛ | Utd. Technologies | 34⅝xd | +⅛ | $1.60 | − | 2.9 |
| 158p | 128p | ♥Utilitech Inc. | 146p | ..... | − | − | − |
| 46½ | 31½ | US West‡ | 43⅞ | +⅛ | $3.76 | − | 5.4 |
| 39¼ | 22⅝ | Waste Management $1 | 39¼xd | +1⅛ | 60c | − | 1.0 |
| 20½ | 13½ | Whirlpool $1 | 17⅞ | +⅛ | $1.10 | − | 3.9 |
| 24⅛ | 16⅛ | Whitman Corp. | 19⅛ | ..... | $1.02 | − | 3.4 |
| 46⅝ | 28⅛ | ♥Woolworth $3½ | 41⅞ | +2⅛ | $1.88 | − | 2.8 |

## CANADIANS

| 1989 High | Low | Stock | Price £ | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 178p | 129p | ♥ABM Gold Corp ‡ | 165p | +8 | − | − | − |
| 26p | 4½p | ♥Abbot Energy Corp. | 25p | ..... | − | − | − |
| 16½ | 902p | ♥Amer Barrick Res. | 15⅛ | −⅛ | − | − | − |
| 28p | 10½p | ♥Armeno | 14¼p | −1½ | − | − | − |
| 33½p | 8½p | ♥Augmitto Expln. | 11½p | +2 | − | − | − |
| 18⅛ | 12⅞ | Bk. Montreal ‡ | 16½ | ..... | $2.12 | − | 7.0 |
| 10⅝ | 655p | Bk. Nova Scot.‡ | 890pxd | −2 | 92c | − | 5.6 |
| 821p | 599p | ♥BC Gas $1 | 785p | +11 | 60c | − | 4.1 |
| 22⅞ | 17 | BCE ‡ | 21⅝ | +⅛ | $2.44 | − | 6.1 |
| 17 | 12⅛ | ♥Brascan‡ | 15⅛ | −⅛ | 88c | − | 3.2 |
| 228p | 124p | ♥Breakwater Res. | 126p | +2 | 10c | − | 4.3 |
| 17¼ | 11⅛ | Can.Imp Bank‡ | 15⅞ | +⅛ | $1.24 | − | 4.2 |
| 588p | 374p | Central Capital "A" ‡ | 528p | +3 | − | − | − |
| 499p | 340p | ♥Corona Corp. | 456p | −3 | − | − | − |
| 382p | 228p | ♥Cons TVX Min. | 363p | −4 | − | − | − |
| 775p | 524p | ♥Derlan Inds ‡ | 567p | −4 | 11.75c | − | 1.1 |
| 10⅝ | 751p | ♥Echo Bay Mines | 10¼ | +⅛ | $0.07 | − | 0.4 |
| 572p | 336p | ♥ECO Corp ‡ | 369p | +15 | − | − | − |
| 236p | 160p | ♥Galactic Resources | 161p | +1 | − | − | − |
| 417p | 243p | Gandalf Techs. Inc. | 369p | +3 | − | − | − |
| 186p | 129p | Granges Inc. ‡ | 158p | +1 | − | − | − |
| 27⅛p | 5¼p | ♥Gt Pacific Res. | 6¼p | ..... | − | − | − |
| 859p | 651p | ♥Gulf Canada‡ | 785p | +11 | 52c | − | 3.6 |
| 15 | 10¼ | ♥Hawker Sid Can‡ | 14¼ | ..... | $1.08 | − | 4.1 |
| 653p | 348p | ♥Henlys Group | 593p | +9 | − | − | − |
| 20⅛ | 11½ | ♥Hudson's Bay ‡ | 18⅝ | ..... | 60c | − | 1.7 |
| 32⅜ | 23 | ♥Imperial Oil‡ | 31⅛ | +⅛ | $1.80 | − | 3.1 |
| 23⅞ | 14⅛ | Inco‡ | 20⅛ | +⅛ | s$0.80 | − | 2.5 |
| 290p | 102p | ♥Madeleine Mines | 185p | −1 | − | − | − |
| 193p | 121p | ♥Muscocho Expln. | 124p | +1 | − | − | − |
| 126p | 64p | ♥Nevada Goldfields | 68½p | +½ | − | − | − |
| 593p | 465p | Nova Corp of Alberta | 497pxd | −4 | 42c | − | 4.6 |
| 14½ | 10⅞ | ♥Rio Algom | 13⅜ | ..... | 85c | − | 3.4 |
| 25⅝ | 17¼ | Royal Bk. Can. ‡ | 23⅞xd | +⅛ | $2.20 | − | 5.0 |
| 47¾ | 33⅛ | Seagram‡ | 49½ | +¼ | US$1.40 | − | 1.8 |
| 112p | 74p | ♥Sonora Gold Corp‡ | 76½p | +½ | − | − | − |
| 109p | 42½p | ♥Tam Pare Tech. Corp‡ | 47½p | +½ | − | − | − |
| 11⅞ | 806p | Toronto-Dom. Bk‡ | 10⅞ | ..... | 76c | − | 3.8 |
| 943p | 686p | ♥Trans Can Pipe. | 890p | +11 | 68c | − | 4.1 |
| 184p | 145p | Varity Corp‡ | 156¼p | +4 | 8 | − | − |

## BANKS, HP & LEASING

| 1989 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| *278 | 216 | ANZ $A1 | 267 | ..... | g034½c | 2.0 | 6.2 | 8.1 |
| 162 | 143 | Abbey National 10p | 149½ | −3 | 17.7 | 2.7 | 6.9 | 6.1 |
| *182 | 120½ | Allied Irish Ord. | 178 | ..... | h068% | 3.3 | 4.0 | 10.4 |
| £131½ | £111½ | Algemene Fl.10 | £121½ | +½ | t027% | 1.9 | 6.2 | − |
| *80 | 61 | Anglo Irish | 72 | ..... | g02½% | 4.0 | 5.5 | 12.2 |
| 79 | 73 | Ansbacher (H.) 1p. | 73 | ..... | 2.0 | − | 3.7 | − |
| £68⅛ | £38⅛ | Bancaire Cie Fr100. | £60⅜ | −1⅛ | k012½% | − | 1.6 | − |
| £46½ | £35⅛ | Banco Bilbao Viz. | £43⅛ | −⅛ | 035.7% | 2.0 | 3.0 | 16.8 |
| £33 | £28 | Banco de Santander | £31½ | ..... | 021% | 2.4 | 2.4 | 17.2 |
| *250 | 169 | Bank Ireland Ir£1 | 232 | ..... | h012% | 3.2 | 4.4 | 9.0 |

Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Contd

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY AND STORES—Contd

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Contd

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS (Miscel.)—Contd

## INDUSTRIALS (Miscel.)—Contd.

## INSURANCES

[illegible]

# LONDON SHARE SERVICE

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## LEISURE

## MOTORS, AIRCRAFT TRADES

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PAPER, PRINTING, ADVERTISING — Contd

## PROPERTY

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TEXTILES — Contd

## TOBACCOS

## TRANSPORT

## TRUSTS, FINANCE, LAND

### Investment Trusts

## TRUSTS, FINANCE, LAND — Contd

### Finance, Land, etc

## OIL AND GAS

## OIL AND GAS — Contd

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Diamond and Platinum

### Central African

### Finance

### Australians

### Tins

## MINES — Contd

### Miscellaneous

## THIRD MARKET

| Stock | Price | + or - | Div Net | C'vr | Gr's | P/E |
|---|---|---|---|---|---|---|
| Tomorrows Leisure 20p | 101 | ...... | - | - | - | 50.3 |
| Tullow Oil 10p | 17 | -½ | - | - | - | - |
| UPL Group 10p | 75 | ...... | 2.75 | 1.9 | 4.9 | 14.2 |
| Unit Group | 145 | +1 | 5.0 | 3.3 | 4.6 | 8.2 |
| Video Magic Leis. 1p | 93 | -2 | W2.0 | 0.7 | 2.9 | 74.6 |
| Vista Ents 5p | 8 | ...... | - | - | - | - |
| Vizcaya Hldgs 5p | 32 | ...... | - | - | - | - |
| Wholesale Leisure 20p | 41 | ...... | - | - | - | - |
| Do. Wrrnts | 28 | -½ | - | - | - | - |
| Wilton Group 1p | 7½ | -½ | - | - | - | - |

## NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially listed.
# Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
◆ Merger bid or reorganisation in progress
◆ Not comparable
◆ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or - |
|---|---|---|
| Albany Inv 20p γ | 96 | ...... |
| Craig & Rose £1 γ | 830 | ...... |
| Finlay Pkg. 5p γ | 81 | -2 |
| Holt (Jos) 25p γ | 1348 | +5 |

### IRISH

| Stock | Price | + or - |
|---|---|---|
| Cap 8½% Ln. 1991 | £97¾ | ...... |
| 9pc Cap Ln. 1996 | £98½ | ...... |
| Fin. 13% 97/02 | £118½ | ...... |
| Arnotts | 420 | ...... |
| Carrol (P.J.) γ | 154 | ...... |
| Hall (R. & H.) | 180xd | -5 |
| Heiton Hldgs. γ | 92 | ...... |
| Irish Ropes | 212 | ...... |
| United Drug | 140 | ...... |

## TRADITIONAL OPTIONS

3-month call rates

### Industrials

| Stock | Rate |
|---|---|
| Allied-Lyons | 38 |
| Amstrad | 11 |
| BAT | 80 |
| BOC Grp | 42 |
| BSR | 6½ |
| BTR | 32 |
| Barclays | 42 |
| Blue Circle | 24 |
| Boots | 25 |
| Bowaters | 44 |
| Brit Aerospace | 52 |
| British Steel | 7½ |
| Brit. Telecom | 21 |
| Burton Ord. | 18 |
| Cadburys | 46 |
| Charter Cons. | 48 |
| Comm Union | 32 |
| Courtaulds | 30 |
| FKI | 14 |
| FNFC | 22 |
| Gen Accident | 85 |
| GEC | 20 |
| Glaxo | 118 |
| Grand Met | 48 |
| GUS 'A' | 90 |
| Guardian | 18 |
| GKN | 34 |
| Hanson | 16 |
| Hawker Sidd. | 60 |
| ICI | 100 |
| Jaguar | 28 |
| Ladbroke | 28 |
| Legal & Gen. | 26 |
| Lex Service | 33 |
| Lloyds Bank | 29 |
| Lucas Inds. | 58 |
| Marks & Spencer | 15 |
| Midland Bk. | 32 |
| Morgan Grenfell | 24 |
| Nat West Bk. | 25 |
| P & O Dfd | 55 |
| Plessey | 22 |
| Polly Peck | 26 |
| Racal Elect. | 20 |
| RHM | 42 |
| Rank Org Ord. | 80 |
| Reed Intnl | 34 |
| STC | 32 |
| Sears | 10 |
| Smithkline Bchm. A | 50 |
| TI | 38 |
| TSB | 10 |
| Tesco | 14 |
| Thorn EMI | 58 |
| Trust Houses | 24 |
| T&N | 18 |
| Unilever | 46 |
| Vickers | 18 |
| Wellcome | 42 |

### Property

| Stock | Rate |
|---|---|
| Brit Land | 32 |
| Land Securities | 52 |
| MEPC | 50 |
| Randsworth | 28 |

### Oils

| Stock | Rate |
|---|---|
| Brit Petroleum | 21 |
| Burmah Oil | 50 |
| Calor | 35 |
| Charterhall | 2½ |
| Premier | 9 |
| Shell | 32 |
| Ultramar | 26 |

### Mines

| Stock | Rate |
|---|---|
| Cons Gold | 150 |
| Lonrho | 30 |
| RTZ | 48 |

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Central banks hold dollar rise

CENTRAL BANKS intervened on as many as four separate occasions yesterday in an attempt to control the dollar's rise. But despite all the intervention and the dollar's steadier tone, the result was only a qualified success.

The scale of yesterday's dollar sales was probably greater than that seen on Wednesday. However, given the dollar's underlying bullish trend, there is a growing feeling that central bank sales will not succeed in changing sentiment. There are suggestions that the Banks are merely selling dollars into a market with an underlying desire to buy the US unit and most traders feel that the dollar's firmer tone is likely to resume when the intervention stops.

Further measures to control the dollar's rise seem likely. Despite the strong emphasis placed on recent central bank intervention, the total of $4bn sold over the first three days of this week by up to a dozen central banks is small in relation to total market turnover. Higher interest rates outside the US may be the next step in trying to reduce the dollar's attraction.

The West German Bundesbank's central council meets next week and this could be an opportunity to push lending rates higher. Such a move would almost certainly be followed by a rise in other European centres, including at least a one point rise in UK bank lending rates.

The dollar opened on a slightly firmer note yesterday despite further intervention by the Bank of Japan in Tokyo. Its bullish undertone was added to by the proximity of the half-year end which prompted further short covering.

Dollar sales by central banks in Europe and again in New York saw the dollar close at DM1.8815 unchanged from Wednesday night. It was also barely changed against the yen at Y140.50 from Y140.60. Elsewhere, it finished at SFr1.6315 from SFr1.6305 and FFr6.3750 from FFr6.3675. On Bank of England figures, the dollar's exchange rate index closed at 69.9 from 69.7 on Wednesday.

Sterling finished little changed from its opening levels but was slightly down from Wednesday's close; its exchange rate index finished at 91.2 from 91.3 previously.

The Bank of England stepped in to support the pound in early London trading and this was regarded as separate from its attempts to hold down the value of the dollar. The Bank sold D-Marks and also European currency units but it failed to prevent the pound from falling below the DM3.03 level to close at DM3.0250, down from DM3.0350 on Wednesday and its lowest level for three months.

A sustained fall below the DM3.03 level is regarded as a chart pointer to a decline to DM2.95, thus adding further upward pressure on domestic interest rates. The pound slipped to $1.6080 from $1.6135 and Y226.00 from Y226.75. Elsewhere, it finished at SFr2.6225 compared with SFr2.6300 and FFr10.2500 against FFr10.2750.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Sep.28 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.3686 | +2.14 | +1.29 | ±1.5424 |
| Danish Krone | 7.85212 | 8.04214 | +2.42 | +1.57 | ±1.6419 |
| German D-Mark | 2.05853 | 2.06620 | +0.37 | -0.48 | ±1.1019 |
| French Franc | 6.90403 | 6.99623 | +1.34 | +0.49 | ±1.3719 |
| Dutch Guilder | 2.31943 | 2.33273 | +0.57 | -0.28 | ±1.5019 |
| Irish Punt | 0.768411 | 0.775278 | +0.89 | +0.04 | ±1.6689 |
| Italian Lira | 1483.58 | 1498.20 | +0.99 | +0.67 | ±4.0815 |
| Spanish Peseta | 133.804 | 131.124 | -2.00 | -2.00 | - |

Changes are for Ecu, therefore positive change denotes a week currency Adjustment, calculated by Financial Times.

### £ IN NEW YORK

| Sep.28 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.6045-1.6055 | 1.6160-1.6170 |
| 1 month | 0.63-0.62pm | 0.70-0.68pm |
| 3 months | 1.90-1.86pm | 2.00-1.98pm |
| 12 months | 6.28-6.18pm | 7.40-7.30pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Sep.28 | Previous |
|---|---|---|
| 8.30 am | 91.2 | 91.7 |
| 9.00 am | 91.2 | 91.6 |
| 10.00 am | 91.2 | 91.7 |
| 11.00 am | 91.2 | 91.6 |
| Noon | 91.2 | 91.4 |
| 1.00 pm | 91.2 | 91.4 |
| 2.00 pm | 91.1 | 91.5 |
| 3.00 pm | 91.2 | 91.2 |
| 4.00 pm | 91.2 | 91.3 |

### CURRENCY RATES

| Sep.28 | Bank rate % | Special* Drawing Rights | European † Currency Unit |
|---|---|---|---|
| [illegible] | | | |

§ Sterling quoted in terms of SDR and ECU per £. † European Commission Calculations. * All SDR rates are for Sep.27

### CURRENCY MOVEMENTS

| Sep.28 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| [illegible] | | |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Sep.27

### OTHER CURRENCIES

| Sep.28 | £ | $ |
|---|---|---|
| [illegible] | | |

*Selling rate

### POUND SPOT- FORWARD AGAINST THE POUND

| Sep.28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6030 - 1.6110 | 1.6075 - 1.6085 | 0.69-0.67cpm | 5.07 | 2.03-2.00pm | 5.01 |
| Canada | 1.8915 - 1.8995 | 1.8975 - 1.8985 | 0.35-0.27cpm | 1.96 | 0.94-0.82pm | 1.85 |
| Netherlands | 3.41 - 3.43 | 3.41¼ - 3.42¼ | 1⅞-1¾cpm | 6.36 | 5¼-5⅛pm | 6.07 |
| Belgium | 63.40 - 63.80 | 63.45 - 63.55 | 31-28cpm | 5.57 | 84-80pm | 5.17 |
| Denmark | 11.76½ - 11.81¾ | 11.77 - 11.78 | 4⅝-4¼orepm | 4.46 | 12¼-11¾pm | 3.99 |
| Ireland | 1.1335 - 1.1420 | 1.1340 - 1.1350 | 0.45-0.40ppm | 4.50 | 1.10-1.00pm | 3.70 |
| W. Germany | 3.02 - 3.03 | 3.02¼ - 3.02¾ | 1¾-1⅝pfpm | 6.69 | 4⅝-4½pm | 6.03 |
| Portugal | 254.85 - 256.90 | 255.40 - 256.40 | 4-23cdis | -0.63 | 7-48dis | -0.43 |
| Spain | 191.25 - 193.20 | 192.75 - 193.05 | 2-7cdis | -0.28 | 1-14dis | -0.16 |
| Italy | 2195½ - 2201½ | 2200½ - 2201½ | 4-2lirepm | 1.64 | 10-8pm | 1.64 |
| Norway | 11.14¼ - 11.18 | 11.14¼ - 11.15¼ | 2⅞-2⅝orepm | 2.96 | 8⅜-8⅛pm | 3.05 |
| France | 10.23½ - 10.28¼ | 10.24½ - 10.25½ | 4½-4cpm | 4.76 | 11⅞-11⅝pm | 4.59 |
| Sweden | 10.35¼ - 10.38½ | 10.35½ - 10.36½ | 2⅛-1⅞orepm | 2.32 | 6⅛-5⅞pm | 2.36 |
| Japan | 225½ - 227 | 225½ - 226½ | 1¾-1⅝ypm | 8.96 | 4⅞-4¾pm | 8.52 |
| Austria | 21.29 - 21.37 | 21.29 - 21.32 | 12½-11⅝gpm | 6.79 | 34⅞-31⅝pm | 6.20 |
| Switzerland | 2.61½ - 2.63½ | 2.61¾ - 2.62¾ | 1½-1⅜gropm | 6.58 | 4¼-4pm | 6.20 |
| ECU | 1.4660 - 1.4780 | 1.4660 - 1.4670 | 0.50-0.47cpm | 3.97 | 1.44-1.39pm | 3.86 |

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 63.65-63.75 Six-month forward dollar 4.07-4.02cpm 12 Months 7.43-7.33cpm

### DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

| Sep.28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6030 - 1.6110 | 1.6075 - 1.6085 | 0.69-0.67cpm | 5.07 | 2.03-2.00pm | 5.01 |
| Ireland† | 1.4070 - 1.4170 | 1.4160 - 1.4170 | 0.11-0.07cpm | 0.77 | 0.50-0.40pm | 1.28 |
| Canada | 1.1765 - 1.1815 | 1.1800 - 1.1810 | 0.30-0.33cdis | -3.20 | 0.92-0.97dis | -3.20 |
| Netherlands | 2.1190 - 2.1375 | 2.1240 - 2.1250 | 0.26-0.24cpm | 1.41 | 0.59-0.56pm | 1.08 |
| Belgium | 39.40 - 39.70 | 39.45 - 39.55 | 2.00-1.00cpm | 0.45 | 3.50-1.00pm | 0.23 |
| Denmark | 7.31¼ - 7.36½ | 7.32 - 7.32½ | 0.26-0.51oredis | -0.63 | 1.55-2.00dis | -0.97 |
| W. Germany | 1.8765 - 1.8930 | 1.8810 - 1.8820 | 0.24-0.22pfpm | 1.46 | 0.56-0.53pm | 1.15 |
| Portugal | 159.00 - 159.75 | 159.00 - 159.10 | 54-64cdis | -4.43 | 205-230dis | -5.45 |
| Spain | 119.00 - 120.00 | 119.00 - 119.10 | 52-57cdis | -5.46 | 150-160dis | -5.18 |
| Italy | 1365 - 1370¾ | 1368¾ - 1369¼ | 3.40-4.20liredis | -3.33 | 10.00-14.00dis | -3.50 |
| Norway | 6.92½ - 6.96½ | 6.93 - 6.93½ | 0.97-1.32oredis | -1.98 | 3.30-3.60dis | -1.98 |
| France | 6.36 - 6.40¼ | 6.37¼ - 6.37¾ | 0.12-0.19cdis | -0.29 | 0.62-0.72dis | -0.42 |
| Sweden | 6.44 - 6.47¼ | 6.44 - 6.44½ | 1.39-1.55oredis | -2.73 | 4.05-4.30dis | -2.59 |
| Japan | 140.35 - 141.35 | 140.45 - 140.55 | 0.44-0.42ypm | 3.65 | 1.27-1.24pm | 3.55 |
| Austria | 13.24 - 13.31¼ | 13.24 - 13.24½ | 1.25-0.75cpm | 0.90 | 3.90-2.40pm | 0.95 |
| Switzerland | 1.6275 - 1.6425 | 1.6310 - 1.6320 | 0.21-0.18cpm | 1.43 | 0.62-0.72pm | 1.64 |
| ECU | 1.0965 - 1.0980 | 1.0970 - 1.0980 | 0.10-0.09cpm | 1.04 | 0.33-0.30pm | 1.15 |

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.55-39.65.

### EURO-CURRENCY INTEREST RATES

| Sep.28 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 13⅝-13⅞ | 13⅝-13⅞ | 14⅛-14 | 14⅛-14¼ | 14½-14⅜ | 14⅜-14⅜ |
| US Dollar | 9⅛-8⅞ | 9⅛-8⅞ | 9⅛-8⅞ | 9⅛-9 | 9⅛-8⅞ | 9-8⅞ |
| Can. Dollar | 11⅞-11¾ | 12-11⅞ | 12⅛-11⅞ | 12⅛-11⅞ | 12⅛-11⅞ | 11⅞-11¾ |
| D. Guilder | 7⅝-7½ | 7⅝-7½ | 7⅝-7½ | 7⅞-7¾ | 8-7⅞ | 8-7⅞ |
| Sw. Franc | 7⅜-7¼ | 7⅜-7¼ | 7⅞-7¾ | 7⅞-7¾ | 7⅞-7¾ | 7⅞-7¾ |
| Deutschmark | 7¼-7⅛ | 7⅜-7¼ | 7⅝-7½ | 7⅞-7¾ | 7⅞-7¾ | 7⅞-7¾ |
| Fr. Franc | [illegible] | | | | | |
| Italian Lira | [illegible] | | | | | |
| B. Fr. (Fin) | [illegible] | | | | | |
| B. Fr. (Con) | [illegible] | | | | | |
| Yen | [illegible] | | | | | |
| D. Krone | [illegible] | | | | | |
| Asian $Sing | [illegible] | | | | | |

Long term Eurodollars: two years 9-8⅞ per cent; three years 9⅛-9 per cent; four years 9¼-9⅛ per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Sep.28 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES

# Short sterling continues to fall

TRADING WAS quieter on the Liffe market yesterday, but still reasonably active, with West German Government bonds showing little change, but short sterling futures continuing to weaken. German bonds opened at 93.34, unchanged from Wednesday's close, and finished at 93.33, rallying from a low of 93.22. The market was underpinned by a slight improvement of credit conditions in Frankfurt and less upward pressure on German interest rates.

Nevertheless an increase of ½ per cent in official interest rates is already discounted in the structure of fixed period rates and such a move is widely expected at next week's Bundesbank council meeting.

Volume in short sterling for December delivery was slightly under 36,000 lots, compared with about 57,000 on Wednesday. The contract continued to weaken, closing at 85.67, only just above the day's low of 85.66, and compared with the previous settlement of 85.76.

Sentiment remained depressed by the weakness of the pound on the foreign exchanges and a firming of interest rates in the cash market. The important three-month sterling interbank rate rose to 14⅞-14¾ per cent from 14⅝-14½ per cent.

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements Mar |
|---|---|---|---|---|
| [illegible] | | | | |

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements Mar |
|---|---|---|---|---|
| [illegible] | | | | |

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements Mar |
|---|---|---|---|---|
| [illegible] | | | | |

LIFFE £/$ OPTIONS £25,000 (cents per £1)

| Strike Price | Calls-settlements Oct | Calls-settlements Nov | Puts-settlements Oct | Puts-settlements Nov |
|---|---|---|---|---|
| [illegible] | | | | |

LIFFE EUROdollar OPTIONS $1m points of 100%

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements Mar |
|---|---|---|---|---|
| [illegible] | | | | |

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements Mar |
|---|---|---|---|---|
| [illegible] | | | | |

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — 7-10 YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — US TREASURY BONDS 8% $100,000 32nds of 100% — 6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100% — 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — THREE MONTH STERLING £500,000 points of 100% — THREE MONTH EURODOLLAR $1m points of 100% — THREE MONTH EUROMARK DM 1m points of 100% — FT-SE 100 INDEX £25 per full index point — POUND-$ (FOREIGN EXCHANGE) — DEM-STERLING

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | | | | |

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — U.S. TREASURY BILLS (IMM) $1m points of 100% — SWISS FRANC (IMM) SFr 125,000 $ per SFr — JAPANESE YEN (IMM) Y12.5m $ per Y100 — DEUTSCHE MARK (IMM) DM125,000 $ per DM — THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — STANDARD & POORS 500 INDEX $500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | | | | |

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

| Strike Price | Calls Oct | Calls Nov | Calls Dec | Calls Mar | Puts Oct | Puts Nov | Puts Dec | Puts Mar |
|---|---|---|---|---|---|---|---|---|
| 1.500 | 10.40 | 10.40 | 10.40 | 10.40 | 0.02 | 0.20 | 0.71 | 2.13 |
| 1.525 | 7.90 | 7.93 | 8.08 | 8.39 | 0.05 | 0.50 | 1.21 | 2.95 |
| 1.550 | 5.47 | 5.79 | 6.10 | 6.62 | 0.20 | 1.00 | 1.94 | 3.96 |
| 1.575 | 3.36 | 3.95 | 4.43 | 5.06 | 0.67 | 1.79 | 2.81 | 5.17 |
| 1.600 | 1.80 | 2.51 | 3.11 | 3.91 | 1.57 | 2.83 | 4.07 | 6.58 |
| 1.625 | 0.81 | 1.61 | 2.10 | 2.92 | 3.02 | 4.36 | 5.60 | 8.15 |
| 1.650 | 0.30 | 0.92 | 1.52 | 2.14 | 5.01 | 6.17 | 7.36 | 9.87 |

Previous day's open int: Calls 368,543 Puts 302,967 (All currencies)
Previous day's volume: Calls 45,330 Puts 21,694 (All currencies)

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 14 | Clydesdale Bank | 14 | NatWestminster | 14 |
| Adam & Company | 14 | Comm.Bk.N.East | 14 | Northern Bank Ltd | 14 |
| Allied Trust Bank | 14 | Co-operative Bank | *14 | Norwich Gen. Trust | 14 |
| Allied Irish Bank | 14 | Coutts & Co | 14 | PRIVATbanken Limited | 14 |
| ● Henry Ansbacher | 14 | Cyprus Popular Bk | 14 | Provincial Bank PLC | 15 |
| Associates Cap Corp | 14 | Dunbar Bank PLC | 14 | R. Raphael & Sons | 14 |
| Authority Bank | 14 | Duncan Lawrie | 14 | Roxburghe G'rantee | 14½ |
| ● B & C Merchant Bank | 14 | Equatorial Bank plc | 14 | Royal Bk of Scotland | 14 |
| Bank of Baroda | 14 | Exeter Trust Ltd | 14½ | Royal Trust Bank | 14 |
| Banco Bilbao Vizcaya | 14 | Financial & Gen. Bank | 14 | ● Smith & Williamson Secs. | 14 |
| Bank Hapoalim | 14 | First National Bank Plc | 15 | Standard Chartered | 14 |
| Bank Credit & Comm | 14 | ● Robert Fleming & Co. | 14 | TSB | 14 |
| Bank of Cyprus | 14 | Robert Fraser & Ptnrs. | 14½ | United Bk of Kuwait | 14 |
| Bank of Ireland | 14 | Girobank | 14 | United Mizrahi Bank | 14 |
| Bank of India | 14 | ● Guinness Mahon | 14 | Unity Trust Bank Plc | 14 |
| Bank of Scotland | 14 | HFC Bank plc | 14 | Western Trust | 14 |
| Banque Belge Ltd | 14 | ● Hambros Bank | 14 | Westpac Bank Corp. | 14 |
| Barclays Bank | 14 | Hampshire Trust Plc | 14½ | Whiteaway Laidlaw | 14 |
| Benchmark Bank PLC | 14 | Heritable & Gen Inv Bnk | 14 | Yorkshire Bank | 14 |
| Brit Bk of Mid East | 14 | ● Hill Samuel | §14 | | |
| ● Brown Shipley | 14 | C. Hoare & Co. | 14 | | |
| Business Mtge Bank | 14½ | Hongkong & Shangh | 14 | | |
| CL Bank Nederland | 14 | ● Leopold Joseph & Sons | 14 | | |
| ● Charterhouse Bank | 14 | Lloyds Bank | 14 | | |
| Citibank NA | 14 | Meghraj Bank Ltd | 14 | | |
| City Merchants Bank | 14 | McDonnell Douglas Bnk | 14 | | |
| | | Midland Bank | 14 | | |
| | | Mount Banking | 14 | | |
| | | Nat Bk. of Kuwait | 14 | | |

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Savewise 8.5%. Top Tier-£10,000+ Instant access 12.8% § Mortgage base rate. § Demand deposit 9%. Mortgage 14.25% - 15%

### EUROPEAN OPTIONS EXCHANGE

| Series | | Nov. 89 Vol | Nov. 89 Last | Feb. 90 Vol | Feb. 90 Last | May 90 Vol | May 90 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| Gold C | $400 | 150 | 0.80 | 10 | 5 | - | - | $366.70 |
| | | Oct. 89 | | Jan. 90 | | Apr. 90 | | |
| EOE Index C | Fl. 300 | 41 | 15 a | - | - | - | - | Fl. 313.37 |
| EOE Index C | Fl. 305 | 210 | 10.60 | - | - | - | - | Fl. 313.37 |
| EOE Index C | Fl. 310 | 187 | 7.20 | 50 | 15.50 | 82 | 21.20 | Fl. 313.37 |
| EOE Index C | Fl. 315 | 305 | 4.40 | - | - | - | - | Fl. 313.37 |
| [illegible] | | | | | | | | |

TOTAL VOLUME IN CONTRACTS : 31,496

A=Ask B=Bid C=Call P=Put

## MONEY MARKETS

# A likely dilemma

THIS MORNING is likely to be a very nervous period for the London money market. A surplus of day-to-day credit in the last two days has given no obvious opportunity for the Bank of England to signal a rise in bank base rates, as sterling has come under increasing pressure on the foreign exchanges. A shortage today will create the opportunity for a signal, and last night the market was divided on whether this will be accepted.

UK clearing bank base lending rate
14 per cent
from May 24

The Bank of England has three factors to consider before publishing its dealing rates at noon today: will sterling hold above the strong support point of DM3.0225; will the West German Bundesbank raise interest rates at next Thursday's council meeting; and will the market buy today the £200m of 9-week Treasury bills, announced last Friday, at rates which do not signal higher base rates.

When the supplementary bill tender was announced, sterling was trading steadily, but that was before Tuesday's trade figures. The foreign exchanges have already reacted to the figures, but today will be the first real opportunity for the domestic money market to declare its hand.

The fear is that the Bank of England will be left with no alternative but to signal higher base rates today, or be forced into the embarrassing situation of withdrawing the bills on offer at the supplementary tender.

Sentiment in the market last night suggested it could be a very close decision on whether base rates rise to 15 per cent today. One view was that it could be better to act early, because if the pound fails to hold above DM3.0225, and if German interest rates are increased, the situation could become far worse. In that situation, there could be no absolute guarantee that 15 per cent would be enough to defend the pound.

The Bank of England initially forecast a flat credit position in London yesterday, but revised this to a surplus of around £300m at noon and to £100m in the afternoon. The authorities did not operate in the market before lunch, but in the afternoon sold £106m Treasury bills, due tomorrow, at rates of 13⅞-13⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £142m, with a rise in the note circulation absorbing £60m and bank balances below target £65m. These factors outweighed Exchequer transactions adding £270m to liquidity.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Sep.28) | 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|---|
| | bid 9 | offer 9⅛ | bid 8⅞ | offer 9⅛ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

| | | | | | |
|---|---|---|---|---|---|
| [illegible] | | | | | |

| Sep.28 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | [illegible] | | | | | |
| Paris | [illegible] | | | | | |
| Zurich | [illegible] | | | | | |
| Amsterdam | [illegible] | | | | | |
| Tokyo | [illegible] | | | | | |
| Milan | [illegible] | | | | | |
| Brussels | [illegible] | | | | | |
| Dublin | [illegible] | | | | | |

### LONDON MONEY RATES

| Sep.28 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | [illegible] | | | | | |
| Interbank Bid | [illegible] | | | | | |
| Sterling CDs | [illegible] | | | | | |
| Local Authority Deps. | [illegible] | | | | | |
| Local Authority Bonds | [illegible] | | | | | |
| Discount Mkt Deps. | [illegible] | | | | | |
| Company Deposits | [illegible] | | | | | |
| Finance House Deposits | [illegible] | | | | | |
| Treasury Bills (Buy) | [illegible] | | | | | |
| Bank Bills (Buy) | [illegible] | | | | | |
| Fine Trade Bills (Buy) | [illegible] | | | | | |
| Dollar CDs | [illegible] | | | | | |
| SDR Linked Dep Offer | [illegible] | | | | | |
| SDR Linked Dep Bid | [illegible] | | | | | |
| ECU Linked Dep Offer | [illegible] | | | | | |
| ECU Linked Dep Bid | [illegible] | | | | | |

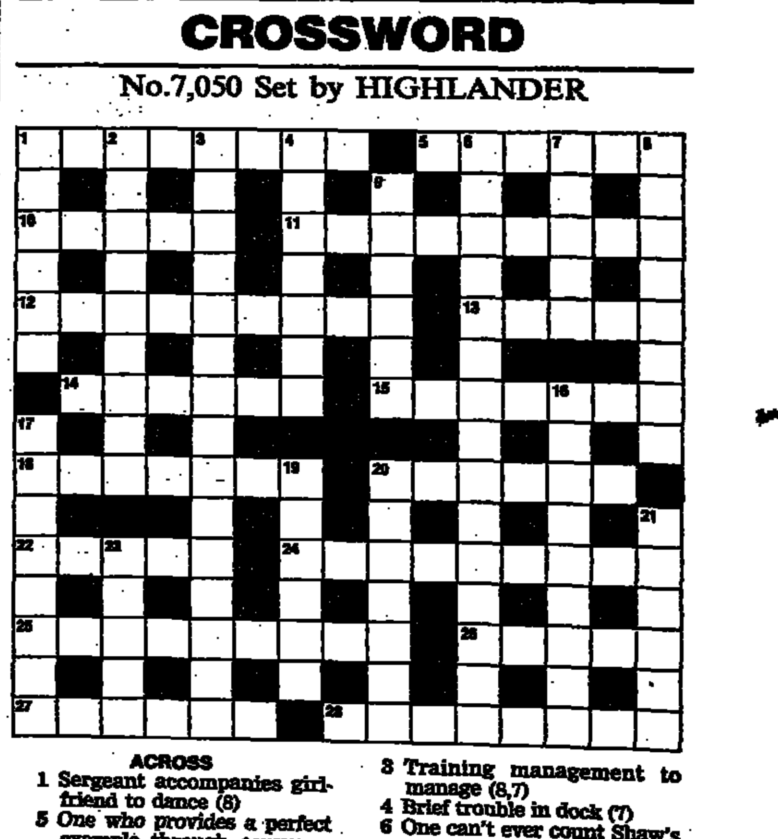
Treasury Bills (sell): one-month 13⅜ per cent; three months 13⅜ per cent; Bank Bills (sell): one-month 13⅞ per cent; three months 13⅞ per cent; Treasury Bills: Average tender rate of discount 13.6431 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 31, 1989. Agreed rates for period September 26 to October 24, 1989, Scheme I: 14.76 p.c., Schemes II & III: 15.16 p.c. Reference rate for period August 1 to August 31, 1989, Scheme IV&V: 13.880 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from September 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 12 per cent; Under £100,000 10½ per cent from May 25,1989. Deposits withdrawn for cash 5 per cent.



JOTTER PAD

## CROSSWORD

No.7,050 Set by HIGHLANDER



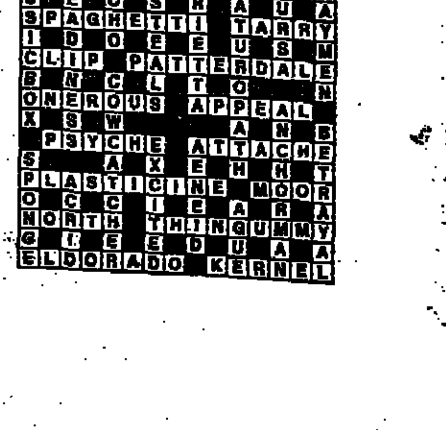
ACROSS

1 Sergeant accompanies girl-friend to dance (8)
5 One who provides a perfect example through conversation (6)
10 I'm depressed – there's no beginner to inspire (5)
11 Means 'referring to origins' (9)
12 Very important professional post occupied by child (9)
13 A high spot for flier as Rhode Island comes into view (5)
14 Country's man overseas has to request advice endlessly (6)
15 Gave up being bore (7)
18 Unusual claim about American in Oklahoma perhaps (7)
20 There's no need for listener to be familiar with name (2,4)
22 After each quantity is consumed (5)
24 Floor-covering is unknown in a large church (9)
25 Face the other way and go off with several drinks (4,5)
26 Insist upon previous routine (5)
27 Not much left on original title (6)
28 Oarsman has small yard and kitchen area (8)

DOWN

1 Oppose outside-left's hasty departure (6)
2 A big sum dispersed round Oxford University is hard to follow (9)
3 Training management to manage (8,7)
4 Brief trouble in dock (7)
6 One can't ever count Shaw's work (3,5,3,4)
7 Spinning company with a dog's chance (8)
8 Swells are likely in Norfolk town (8)
9 Unusually large game bird (6)
16 Dutch vessels made their escape over broken water (9)
17 Agitated man let me produce cheese (8)
19 Band into which the French fit (6)
20 Vagrant brought up in Channel Islands by maternal parent working (7)
21 Fairly good-looking (6)
23 Bitter about old pack of fortune-tellers (5)

Solution to Puzzle No.7,049



# WORLD STOCK MARKETS

## CANADA

TORONTO

4pm prices September 28

MONTREAL

4pm prices September 28

Total Sales 6,239,788 shares.

## INDICES

### NEW YORK

| DOW JONES | Sep 28 | Sep 27 | Sep 26 | Sep 25 | 1989 HIGH | 1989 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ‡Industrials | 2694.91 | 2673.06 | 2663.94 | 2659.19 | 2752.09 (1/9) | 2144.64 (3/1) | 2752.09 (1/9/89) | 41.22 (2/7/32) |
| Home Bonds | 92.45 | 92.42 | 92.62 | 92.63 | 94.15 (2/8) | 87.35 (23/3) | | |
| Transport | 1438.12 | 1427.63 | 1424.96 | 1428.17 | 1532.01 (5/9) | 959.95 (3/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 216.55 | 215.17 | 215.48 | 215.67 | 221.64 (8/8) | 181.84 (24/2) | 227.83 (22/1/87) | 10.50 (8/4/32) |

‡Day's High 2709.16 (2685.03) Low 2657.86 (2636.78)

### STANDARD AND POOR'S

| | Sep 28 | Sep 27 | Sep 26 | Sep 25 | 1989 HIGH | 1989 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite † | 348.60 | 345.10 | 344.33 | 344.23 | 353.73 (1/9) | 275.31 (3/1) | 353.73 (1/9/89) | 4.40 (1/6/32) |
| Industrials (latest) | 397.81 | 393.88 | 393.01 | 392.89 | 405.27 (1/9) | 318.66 (3/11) | 405.27 (1/9/89) | 3.62 (21/6/32) |
| Financial | 33.85 | 33.34 | 33.14 | 33.07 | 33.59 (7/8) | 24.30 (3/1) | 33.59 (7/8/89) | 8.64 (1/10/74) |
| NYSE Composite | 193.56 | 191.82 | 191.47 | 191.28 | 196.37 (1/9) | 154.98 (3/1) | 196.37 (1/9/89) | 4.46 (25/4/42) |
| Amex Mkt. Value | 385.75 | 383.04 | 382.19 | 381.40 | 384.54 (12/9) | 305.24 (3/1) | 384.54 (12/9/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 471.14 | 467.77 | 467.84 | 466.71 | 471.86 (12/9) | 378.56 (3/1) | 471.86 (12/9/89) | 54.87 (31/10/72) |

| | Sep 22 | Sep 15 | Sep 8 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.75 | 3.76 | 3.70 | 3.70 |
| | **Sep 27** | **Sep 20** | **Sep 13** | **year ago (approx.)** |
| S & P Industrial div. yield | 2.90 | 2.87 | 2.89 | 3.19 |
| S & P Indl. P/E ratio | 14.42 | 14.49 | 14.46 | 13.03 |

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| IBM | 3,925,700 | 109 | − 2½ |
| Reebok | 2,493,900 | 18¼ | + 1⅞ |
| Amer Corp | 2,051,700 | 83¼ | + 4¼ |
| LA Gear | 1,962,000 | 43¼ | − 1⅞ |
| Am T & T | 1,927,800 | 43⅞ | + 1¼ |
| Scecorp | 1,840,100 | 36½ | − ¼ |
| Gulf States Utl | 1,837,600 | 13¼ | + ½ |
| Bristol Myers | 1,815,000 | 52⅞ | + 1 |
| Nova Corp | 1,672,100 | 7⅝ | − ⅛ |
| Columbia | 1,462,800 | 26½ | ---- |

### TRADING ACTIVITY

| † Volume Millions | Sep 28 | Sep 27 | Sep 26 |
|---|---|---|---|
| New York | 16.240 | 159.268 | 159.131 |
| Amex | 14.553 | 15.051 | 13.878 |
| NASDAQ | (u) | 123.179 | 123.381 |
| Issues Traded | (u) | 1951 | 1907 |
| Rises | (u) | 622 | 732 |
| Falls | (u) | 811 | 629 |
| Unchanged | (u) | 518 | 546 |
| New Highs | (u) | 51 | 47 |
| New Lows | (u) | 24 | 31 |

### CANADA

| TORONTO | Sep 28 | Sep 27 | Sep 26 | Sep 25 | 1989 HIGH | 1989 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3711.3 | 3649.5 | 3647.7 | 3620.9 | 3919.2 (1/9) | 3207.5 (3/1) |
| Composite | 3941.1 | 3918.1 | 3921.0 | 3901.3 | 4019.7 (10/8) | 3350.5 (6/1) |
| MONTREAL Portfolio | 2002.12 | 1988.27 | 1988.27 | 1978.31 | 2053.80 (1/9) | 1677.48 (3/1) |

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Sep. 28 | Sep. 27 | Sep. 26 | Sep. 25 | 1989 HIGH | 1989 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1720.2 | 1721.8 | 1703.1 | 1686.6 | 1781.8 (29/8) | 1412.9 (7/4) |
| All Mining (1/1/80) | 831.7 | 833.9 | 825.3 | 817.1 | 875.1 (29/8) | 652.6 (7/4) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 474.60 | 472.07 | 468.51 | 462.08 | 474.60 (28/9) | 219.5 (2/1) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/80) | 6762.92 | 6791.37 | 6805.28 | 6798.87 | 6805.28 (26/9) | 5519.30 (4/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | (u) | 326.71 | 327.11 | 331.21 | 356.65 (12/7) | 275.49 (27/2) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 682.7 | 674.8 | 697.1 | 708.7 | 815.8 (18/4) | 674.8 (27/9) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 554.5 | 552.2 | 548.9 | 550.3 | 554.5 (28/9) | 417.9 (4/1) |
| Ind. Tendance (30/12/88) | 126.4 | 125.5 | 126.1 | 126.6 | 126.6 (25/9) | 97.5 (27/2) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 667.32 | 665.93 | 677.7 | 683.57 | 685.92 (8/9) | 535.78 (27/2) |
| Commerzbank (1/12/53) | 1993.6 | 1989.8 | 2027.1 | 2044.8 | 2052.1 (8/9) | 1595.7 (27/2) |
| DAX (30/12/87) | 1585.75 | 1590.62 | 1609.03 | 1635.93 | 1657.61 (8/9) | 1271.70 (23/2) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 2755.32 | 2712.57 | 2725.41 | 2738.70 | 3309.64 (15/5) | 2093.61 (5/6) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1766.29 | 1763.35 | 1770.01 | 1771.57 | 1848.93 (10/8) | 1360.64 (10/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 709.12 | 704.82 | 707.49 | 711.94 | 734.84 (31/8) | 577.49 (28/2) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 35689.98 | 35370.57 | 35444.82 | 34960.71 | 35689.98 (28/9) | 30183.79 (5/1) |
| Tokyo SE (Topix) (4/1/68) | 2696.18 | 2681.66 | 2675.22 | 2643.20 | 2696.18 (28/9) | 2366.91 (6/1) |
| **NETHERLANDS** | | | | | | |
| CBS Tsl.Rtn.Gen.(End 1983) | 265.8 | 265.4 | 268.5 | 270.7 | 272.7 (21/9) | 208.3 (3/1) |
| CBS All Shr (End 1983) | 204.4 | 204.1 | 206.5 | 208.1 | 210.5 (8/9) | 166.7 (1/3) |
| **NORWAY** | | | | | | |
| Oslo SE (2/1/83) | 695.50 | 693.94 | 691.06 | 690.59 | 695.50 (28/9) | 467.17 (2/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1147.94 | 1151.94 | 1153.31 | 1151.56 | 1217.44 (10/8) | 804.62 (6/2) |
| **SINGAPORE** | | | | | | |
| Straits Times Ind. (30/12/66) | 1371.40 | 1379.02 | 1387.62 | 1385.54 | 1420.52 (13/9) | 1030.69 (4/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1673.0‡ | 1710.0 | 1685.0 | 1672.0 | 1710.0 (27/9) | 1291.0 (15/2) |
| JSE Industrial (28/9/78) | 2751.0‡ | 2762.0 | 2744.0 | 2738.0 | 2838.0 (25/8) | 1961.0 (3/1) |
| **SOUTH KOREA** | | | | | | |
| Korea Comp Ex. (4/1/80) | 931.95 | 924.75 | 925.42 | 928.22 | 1007.80 (3/4) | 846.30 (1/7) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 326.38 | 328.22 | 328.55 | 327.45 | 328.93 (13/9) | 268.61 (1/3) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (31/12/56) | 4302.63 | 4264.3 | 4236.45 | 4251.62 | 4660.3 (16/8) | 3333.9 (3/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 799.0 | 792.5 | 803.8 | 814.1 | 829.1 (6/9) | 613.1 (3/1) |
| **TAIWAN** | | | | | | |
| Weighted Price (30/6/66) | (c) | 10489.76 | 10669.79 | 10773.11 | 10773.11 (25/9) | 4873.01 (5/1) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 691.73 | 694.47 | 687.20 | 700.73 | 724.93 (13/9) | 386.73 (2/1) |
| **WORLD** | | | | | | |
| M.S. Capital Intl. (1/1/70) | (u) | 545.2 | 542.9 | 538.3 | 551.2 (3/8) | 487.6 (13/6) |

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 256.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

### TOKYO - Most Active Stocks

Thursday Septmber 28 1989

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| Canon | 28.0m | 1,960 | +40 | Maruetsu | 10.6m | 3,040 | +160 |
| Tokyu Land | 20.3m | 1,530 | +80 | Sumitomo Bkt | 10.5m | 1,070 | +50 |
| Fuji Film | 16.1m | 4,840 | +200 | Tokyu | 10.4m | 1,850 | +40 |
| Bridgestone | 14.9m | 1,820 | +80 | Toyama Chem | 10.4m | 1,380 | +120 |
| Nippon Steel | 14.8m | 763 | 0 | Tokyo Tunno | 9.1m | 1,870 | +80 |

4pm prices September 28

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| | | – A–A–A – | | | | | | | | |
| 38¼ | 27¼ | AAR | .44 | 1.2 | 23 | 708 | u37⅞ | 35⅝ | 37 | +1⅞ |
| 9⅞ | 8⅜ | ACM n | 1.01 | 11. | | 106 | 9⅛ | 9 | 9 | –⅛ |
| 11⅝ | 10¼ | ACMIn | 1.26a | 11. | | 369 | 11½ | 11¼ | 11⅜ | +⅛ |
| 10⅛ | 8 | ACM M n | 1.01 | 12. | | 217 | 8⅞ | 8¾ | 8¾ | |
| 11½ | 10 | ACM Sc | 1.26 | 11. | | 961 | 11⅛ | 11⅛ | 11⅛ | –⅛ |
| 9⅜ | 8⅞ | ACMSp | 1.01 | 11. | | 319 | 9⅛ | 9 | 9 | |
| 18 | 11½ | AL Lab | .12 | .7 | 18 | 127 | 16⅞ | 16 | 16⅞ | +⅞ |
| 4⅛ | 3⅛ | AMCA | .12e | 3.4 | 23 | 37 | 3½ | 3½ | 3½ | +⅛ |
| 6⅛ | 4½ | AM Intl | | | 12 | 1608 | 5⅝ | 5⅜ | 5⅝ | +⅛ |
| 23½ | 20⅝ | AM In pf | 2 | 9.1 | | 26 | 22 | 21⅞ | 22 | +¼ |
| 98 | 45⅞ | AMR | | | 9 | 20490 | 84⅞ | 79 | 83⅞ | +4⅞ |
| 24⅞ | 23⅛ | ANR pf | 2.12 | 8.8 | | 1 | 24⅛ | 24⅛ | 24⅛ | –⅛ |
| 7⅛ | 3⅝ | ARX | | | | 69 | 4 | 3⅞ | 3⅞ | –⅛ |
| 46⅞ | 36⅞ | ASA | 3a | 6.6 | | 229 | 45⅜ | 45¼ | 45⅜ | |
| 22⅞ | 15¼ | AVX | .24 | .8 | 14 | 12454 | u30⅛ | 28½ | 29⅝ | +8 |
| 66 | 44⅞ | AbtLab | 1.40 | 2.2 | 18 | 2739 | 64⅛ | 62⅞ | 64 | +1⅞ |
| 15¼ | 13¾ | Abitibi g | 1 | | | 28 | 14⅝ | 14⅝ | 14⅝ | |
| 13 | 7½ | AcmeC | .40 | 3.8 | | 44 | 10⅝ | 10½ | 10½ | |
| 9¼ | 5⅞ | AcmeE | .32 | 3.5 | 11 | 2 | 9¼ | 9¼ | 9¼ | |
| 34⅞ | 20⅛ | Acuson | | | 24 | 618 | 34½ | 33 | 34⅛ | +1⅛ |
| 17 | 14⅛ | AdaEx | 1.82e | 11. | | 30 | 16½ | 16⅜ | 16⅞ | |
| 12⅝ | 6½ | Adobe | | | | 56 | 11⅞ | 11⅝ | 11⅝ | –⅛ |
| 19⅞ | 16½ | Adob pf | 1.84 | 9.7 | | 20 | 19 | 19 | 19 | +⅛ |
| 11½ | 7⅛ | AMD | | | | 2655 | 9 | 8⅝ | 9 | +⅜ |
| 35½ | 28⅞ | AMD pf | 3 | 9.8 | | 72 | 30⅞ | 30½ | 30½ | –⅜ |
| 10⅛ | 6⅛ | Advest | .12 | 1.4 | 15 | 26 | 8⅞ | 8⅞ | 8⅞ | |
| 60⅛ | 46 | AetnLf | 2.76 | 4.9 | 9 | 4167 | 56⅞ | 56⅛ | 56⅞ | +½ |
| 14 | 12⅞ | AhIPe | | | | 309 | 13 | 12⅞ | 13 | |
| [illegible] | | | | | | | | | | |

Continued on Page 45

# NYSE COMPOSITE PRICES

Continued from previous Page

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 12⅞ | 4½ | Wyse | | | | 1340 | 7⅛ | 7 | 7 | - ¼ |
| | | **- X - Y - Z -** | | | | | | | | |
| 69 | 53⅞ | Xerox | 3 | 4.6 | 18 | 2810 | 65¼ | 64⅞ | 65⅛ | + ⅛ |
| 48 | 43⅛ | Xerox pf | | | | 38 | 46⅛ | 45⅞ | 45⅞ | + ⅜ |
| 44¼ | 26½ | XTRA | .72 | 2.6 | 9 | 195 | 28⅝ | d27¼ | 27⅜ | - ⅞ |
| 33 | 24⅛ | XTRA pf1.94 | | 7.9 | | 2 | 24½ | 24½ | 24½ | + ⅛ |
| 4¼ | 2 | Zapata | | | | 126 | 2⅝ | 2½ | 2½ | |
| 15½ | 9⅞ | Zemex | .40 | 4.0 | | 1 | 10 | 10 | 10 | - ⅛ |
| 22⅝ | 14 | ZenithE | | | | 612 | 15 | 14⅝ | 14⅞ | - ⅛ |
| 10⅞ | 8¼ | Zeninc | 1.26 | 15. | | 169 | 8⅝ | 8⅞ | 8⅞ | - ⅛ |
| 2½ | 1⅛ | vjZenLb | | | | 633 | 1⅝ | 1½ | 1⅝ | + ⅛ |
| 21½ | 15 | ZenNtl | .84 | 4.4 | 9 | 23 | 19 | 18¾ | 19 | + ¼ |
| 18½ | 12⅛ | Zero s | .40 | 2.3 | 16 | 230 | 17⅞ | 17 | 17⅛ | - ⅛ |
| 44¼ | 25 | Zurnin | .68 | 1.6 | 20 | 337 | 42 | 40 | 42 | +2 |
| 12 | 10 | Zweig | 1.12e | 9.4 | | 463 | 12 | 11⅞ | 11⅞ | |
| 10⅛ | 8¾ | ZweigTl | .96 | 11. | | 1704 | 9¼ | 9⅛ | 9⅛ | - ⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

4pm prices September 28

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| ProMed | .42 | 12 | 8 | 4⅛ | 4⅛ | 4⅛ | - ⅛ |

# OVER-THE-COUNTER

Nasdaq national market, 3pm prices September 28

| Stock | Div. | Sales 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| | | **- X - Y - Z -** | | | | |
| XL Data s | 20 | 329 | 25⅛ | 24¾ | 25¼ | + ½ |
| XOMA | | 323 | 20⅞ | 20¼ | 20¾ | + ¼ |
| Xicor | 8 | 172 | 5¾ | 5⅝ | 5⅝ | - ⅛ |
| YelowF .76 | 10 | 832 | 29 | 27¼ | 27¾ | - ¼ |
| ZionUt 1.44 | | 72 | 31 | 30½ | 31 | + ¼ |
| Zycad | | 73 | 2½ | 2⅜ | 2⅜ | - ⅛ |

AMERICA

# Dow rises sharply on late trading

## Wall Street

A LATE afternoon spurt of futures-related programme trading pushed equities up sharply after a quiet start to the day, *writes Karen Zagor in New York.*

The Dow Jones Industrial Average was up 21.85 points at 2,694.91. Volume was moderately heavy on the New York Stock Exchange, with 164.2m shares changing hands. Advancing issues led those declining by 927 to 534.

Among other market indices, the Standard & Poor's 500 was up 3.5 points at 348.6, the New York Stock Exchange Composite rose 1.73 points to 193.55 and the American Exchange Composite advanced 2.71 points to 355.75.

The stock market rally came in spite of a slight decline in the debt market, where US treasuries moved narrowly lower in quiet afternoon trading. The Treasury's bellwether 30-year bond was quoted down ⅛ point at 98⅝, yielding 8.25 per cent.

The bond market received some initial support from the dollar, which remained relatively firm in spite of a fourth day of central bank selling. The dollar changed hands at Y140.65 and DM1.8625, above Y140.25 and DM1.8600 late on Wednesday in New York.

IBM continued to plunge in the wake of its revised third quarter earnings estimate, released Wednesday, which showed lower-than-expected earnings projections. Shares in the company fell $2⅞ to $108⅞ in heavy trading.

However, the decline in IBM stock was offset by gains in other blue chip issues including Philip Morris, which jumped $4⅞ to $165¼; Proctor and Gamble, which gained $3⅛ to $120⅜; and Merck which added $2¼ to $76¼.

A number of computer stocks followed IBM's descent including Digital Equipment, which fell $1⅝ to $91⅝ and Compaq which slid $1⅞ to $86¼. However, Unisys was up $⅞ to $19 and Apple gained $⅞ to $45⅛ in over-the-counter trading.

Coca-Cola added $2⅞ to $67⅞. The soft drinks company has posted gains throughout the week thanks to Sony's $27-a-share takeover offer for Columbia Pictures. Coca-Cola has agreed to sell its 49 per cent stake in Columbia.

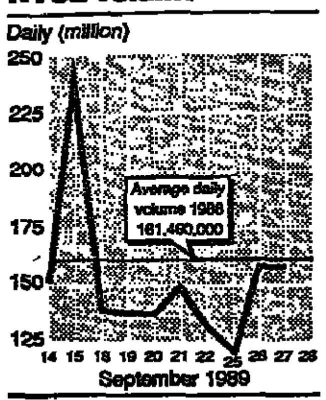
Cadbury Schweppes improved $1⅛ to $63⅝ in over-the-counter trading on rumours that Coca-Cola would use the proceeds from the sale of its Columbia shares to launch a takeover bid. General Cinema, which holds a major stake in Cadbury, leapt $1⅞ to $27. Sony fell $⅛ to $61⅛. In addition to the Columbia takeover, Sony said it would acquire Guber-Peters Entertainment for $17.50 a share.

Environmental stocks benefitted as investors shifted their attention away from sectors with disappointing earnings projections. Ogden Corp gained $1⅞ to $33⅞, Waste Management, which jumped $2⅝ to $65⅞, Browning Ferris, rose $1½ to $41⅞ and Wheelabrator Technologies added $2⅛ to $41⅞.

Borden Inc jumped $2⅛ to $36⅞ after announcing a third quarter pre-tax charge of $571m, which will allow the company to establish an after-tax reserve of about $404m to restructure its businesses. Borden said it would restructure its dairy operations and leave some overcrowded markets.

AVX soared $8⅞ to $29⅞ after Kyocera of Japan said it would acquire the manufacturer of ceramic capacitors in a stock swap valued at about $32-a-share. Kyocera added $⅞ to $80⅞.

L.A. Gear dropped $1⅞ to $43⅞ after adding $3½ a day earlier ahead of its third quarter earnings report. Net income for the period was $1.21 a share, against 50 cents a share the previous year.




## Canada

A LATE rally in Toronto pushed stocks to a higher close after active trading.

The Toronto composite index was up 22.9 to 3941, its highest level of the day. Volume was 31m, with gains leading loses 348 to 307.

# Finland fails to hold its promise

### Shares have nose-dived on economic news, reports Enrique Tessieri

AFTER years of sustained growth, the deterioration in the Finnish economy has slowed trading at the Helsinki Stock Exchange, and sent share prices into a September nose-dive. The market's predicament has not been eased by embarrassing revelations in the politico-economic arena.

The market had a promising start to the year. The Unitas all-share index, 727.00 on January 1, peaked at 815.8 on April 18. It went lower after that, but it did not seem to be in serious decline, at 753.72 on September 11.

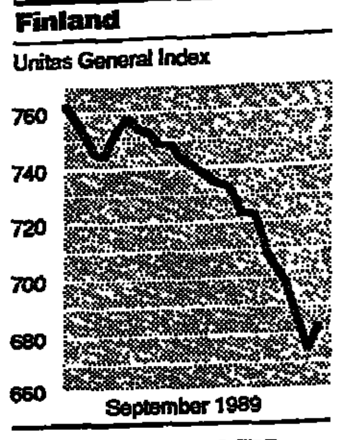
On that day, there were rumours of an increase in the country's 7.5 per cent base rate. The betting was on 1.5 to 2.5 percentage points. The Governor of the Bank of Finland, Rolf Kullberg, had called for a rise in an attempt to slow down inflation, and there were reports that a four-point increase had been recommended.

However, politics took a hand. Just after the market closed on September 14, the parliamentary board of the Bank of Finland announced that the base rate would not be increased. Equity investors lost interest, trading took a sharp drop and by Friday, September 22, the index was down to 721.3 after 10 consecutive declines.

It is significant, in this context, that Finland's three-month Helibor interest rates, effectively "repo" rates applied to the money markets, have been lifted from a much higher base, from 12.84 per cent on September 11 to 13.69 per cent at present.

There was worse to come on the economic front. This week, indications of a bigger than expected trade deficit were confirmed on Tuesday when the National Board of Customs detailed a deficit of FM2.28bn for the first eight months of 1989. Analysts extrapolated that to a FM4.8bn to FM5bn ($1.1bn to $1.2bn) indicated gap for the year.

The January/August figure was FM1.2bn higher than expected. It was also three weeks late. A FM5bn gap for the year would change with original expectations of a FM1bn deficit, and a surplus of FM784m in 1988. The Finnish current account deficit, originally expected to deteriorate from last year's FM12.58bn to around FM18bn, could now be as high as FM23bn in 1989, or around 4 per cent of GDP.




Annual inflation for 1989 is expected to jump from last year's 5.1 per cent to 6.7 per cent. The coalition Government has built an 8 per cent increase in spending into its budget for next year. Mr Stefan Haglund of Protos, a Helsinki stockbroking house, believes that inflation will not subside to any useful degree in 1990; his forecast is around 6.2 per cent.

Helsinki brokers agree that the economy is driving the stock market down. The Unitas index, down to 697.14 on Tuesday before the latest economic news, dropped another 22.4 points, or 3.2 per cent to 674.7 on Wednesday. Yesterday, it rose 7.9 to 682.7 in volume of FM75m. Daily trade volumes, according to Protos, have dropped from a previous average of FM100m in the period since September 11.

Mr Haglund believes that the slack is temporary. In mid-October, he says, Finnish companies will be putting out their six- to eight-month interim reports. He expects that these will be positive, and restore confidence in the market: "I believe that when the interims come out, trade volumes will be almost back to normal," he says.

However, there are less optimistic views. Mr Jaakko Airava is a security broker, with a firm named Selin. He perceives signs of panic on the Helsinki exchange, once again blaming the worsening performance of the Finnish economy.

There is nothing positive to say, he claims, about the economy this year. He thinks that this is the key issue, and that next month's interim reports season will not, in the end, have a significant effect on stock market trading.

EUROPE

# Results and speculation push up individual issues

THE CONTINENT presented a picture of little change yesterday, with bourses relying on individual stocks for their excitement, *writes Our Markets Staff.*

**PARIS** had a generally calm session, although there were pockets of active interest created by first-half corporate results and speculation.

Share prices closed little changed, with the OMF 50 index up 1.77 at 536.98. The CAC General opening index hit its second all-time high in a row of 554.5, up 2.3. Turnover was estimated at FFr2.5bn.

Navigation Mixte, the financial holding company, remained suspended at its own request after its share price shot up on Wednesday. It said it would hold a press conference on Monday. Paribas, the bank, picked up FFr8 to FFr518 on rumours of stake-building in Navigation Mixte and in response to its 36 per cent rise in half-year profits.

Strafor, the office furniture maker, rose FFr80 to FFr1,300 after good six-month results, while a disappointing first half for construction company Lafarge Coppée, detailed on Wednesday, left it FFr86 down at FFr1,729 in active trading.

Stocks related to Lazard Frères, the merchant bank, were busy amid rumours of stake-selling and reorganisation. Euromarché gained FFr265 to FFr4,100 and Eurafrance rose FFr185 to FFr2,755.

**FRANKFURT** stayed mixed in moderate trading, volume declining from DM5.1bn to DM3.3bn. The DAX index, marginally higher at one stage, closed 5.90 lower at 1,585.75. At midsession, the FAZ index came out 3.61 lower at 667.32.

The performance of the indices – down this week, up the week before, down the week before that – reflects an ongoing argument about German equities which takes in the vigour of the corporate economy, worries about interest rates and the strong influence of technical considerations.

The UK securities house, SG Warburg, added to the debate in its latest international asset briefing, and concludes that while equities are arguably dear, specific stocks must be cheap. "We are neutral on the market," says the Warburg team, "but enthusiastically selective of stocks."

German equities, it says, would appear to be modestly overvalued against bonds at a time when the other leading markets of the world are looking fairly priced vis à vis their domestic bond markets.

However, the team is keen on stocks with managements with the ability to exploit Germany's new found strength in international markets.

**MILAN** closed higher in active trading as it awaited first half results from Fiat which, well after hours, were to show consolidated pre-tax profits up 27.5 per cent at L2,807bn. The Comit index rose 4.30 to 709.12.

In this case, the market as a whole attracted UK support this week, as Barclays de Zoete Wedd forecast that share prices should rise a further 20 to 30 per cent over the next 15 months.

The brokers say that the market is standing at a discount to its correct earnings value; that there should be a further 13 per cent earnings growth in 1990/91; and that the yield gap, with the dividend yield at the top end of the bond yield band, points to a substantial equity revaluation.

**ZURICH** closed higher in low volume, the Crédit Suisse index ending 4 higher at 643.7. Swissair bearers rose SFr55 to SFr1,400 on the co-operation and share swap agreement between the company and the Scandinavian airline, SAS. Swiss Re bearers were unmoved at SFr11,900, although it reported consolidated net profits up from SFr201m to SFr248m.

**AMSTERDAM** was barely altered at the close after losing its grip on early gains as interest rate fears grew. The CBS tendency index edged up 0.2 to 326.38.

DSM eased 10 cents to Fl 126.70 on the last day for subscriptions to the second issue of government shares; 12m shares are being sold at Fl 125 each.

DAF, the truck maker, rose 20 cents to Fl 52.80; after the close, it emerged that the company had been invited to bid for Enasa, the Spanish truck manufacturer.

**MADRID** continued to ease on profit-taking, with the general index off 1.84 at 326.38. Banks and utilities led declines: Santander lost 16 percentage points to 862 per cent of par and Endesa fell 6.50 to 290.75.

**BRUSSELS** suffered from profit-taking and interest rate fears, and the cash market index lost 23.45 to 6,762.92. An exception to the losers was chemical group UCB, which soared BFr975 to BFr15,850 before announcing first-half profits up 51 per cent.

**STOCKHOLM** closed broadly higher in optimistic trade. The Affärsvärlden general index rose 7.76 to 1,281.26.

The market was helped by telecommunications group Ericsson, which saw its free B shares rise SKr20 to SKr800 after the company reported that it had signed a $100m contract with Mexican Telecommunications Administration.

**OSLO** closed mostly higher in moderate trading, lifted by economic improvements and stronger prices for North Sea oil. The all-share index rose 1.39 to 544.82.

## SOUTH AFRICA

GOLD shares fell back sharply, in an otherwise quiet Johannesburg market, giving up all the gains of the past two days as the bullion price fell.

ASIA PACIFIC

# Official guide takes Nikkei to record high

## Tokyo

AN OFFICIAL guide to interest rate prospects, coupled with a wave of buying from investment funds, boosted share prices to record highs yesterday, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average began its strong uptrend in early trading, and managed to sustain it, closing 319.41 better at the day's high, and a new high of 35,689.98; the low was 35,398.36. Advances outnumbered decliners by 627 to 334, while 167 issues were unchanged.

Turnover dropped to 1.03bn shares from the 1.06bn traded on Wednesday. The Topix index of all listed shares surged 14.52 to a record 2,696.18. In London, the ISE/Nikkei 50 index rose 3.95 to 2,069.46.

The market had hurdles to clear. After the statement made by the finance ministers of the Group of Seven industrial nations, indicating they would like to see the dollar fall, the bears had argued that currency moves were difficult to forecast. Furthermore, they said, Japan still had its domestic political problems – particularly the majority opposition in the Upper House of the Diet.

Yesterday, however, gave equities their reason to rise. An official at the Bank of Japan stated that the central bank would not raise Japan's official discount rate in the immediate future. This helped to dispel fears of a rate rise;speculation that the West German Bundesbank would raise the Lombard Rate had triggered concern over a similar move in Japan.

Meanwhile a large amount of buying from investment trust funds came into the market to support its uptrend. The extended recovery of the yen against the dollar contributed to the improvement in sentiment.

Investors went for low-priced shares, with good earnings, in a wide range of sectors. Among them were Komori Printing Machinery which gained Y360 to a record high of Y5,960 and House Food, which added Y50 at Y2,960. Canon, the precision instruments maker, was most actively traded with 28m shares and rose Y40 to Y1,960.

Fuji Photo Film was Y200 higher at Y4,940, on expectations that it will post another record profit for the year ending in October. It was third on the volumes list with 16.1m shares. Fuji Film's disposable camera has seen strong demand both at home and abroad.

A newspaper report that a majority of leading Japanese businessmen would consider using mergers and acquisitions to strengthen their businesses fuelled the already strong interest in companies at the centre of takeover rumours.

Tokyu Land, a real estate company belonging to the Tokyu group, was second most actively traded with 20.3m shares and firmed Y80 to Y1,530. Speculation still exists about the possible transfer, to a third party, of shares in Tokyu companies which were held by the late chairman of the group.

The market in Osaka rose higher for the sixth day running with the OSE average closing up 191.04 at a record high of 36,146.43. Turnover, however, slipped to 111.6m shares from the 172.5m traded on Wednesday.

## Roundup

REBOUNDS by the Hong Kong and Korean markets contrasted with a day of little movement elsewhere. Taiwan was closed for a holiday.

**HONG KONG** attracted renewed foreign demand which propelled share prices sharply higher. Some observers had expected the market to consolidate before China's National Day at the weekend, and were taken a little by surprise. The Hang Seng index gained 42.75 to 2,755.32, a 1.6 per cent rise after two days of minor declines.

Turnover improved to HK$961m from Wednesday's HK$821m.

The banking sector, which has lagged other behind other groups, such as property issues, led the gains. Wing Lung Bank rose HK$3 at HK$39.25 on speculation of overseas stake-building, Bank of East Asia was 70 cents higher at HK$15.50 and Hang Seng Bank gained 70 cents to HK$21.80.

**AUSTRALIA** reacted to the previous day's active session with a period of consolidation. Share prices were little changed, as the All Ordinaries index slipped 1.6 to 1,730.2.

Turnover shrank to 101m shares, valued at A$269m; volume was restricted by the closure of the Melbourne exchange for a local holiday.

In the banking sector, which was responsible for much of Wednesday's activity, National Australia Bank rose 8 cents to A$6.82 after news that Adsteam, off 10 cents at A$9.20, had cut its stake to 11.12 per cent from 14.33 per cent.

Elders IXL fell 6 cents to A$2.94 after the expiry on Wednesday of the A$3-a-share bid from Harlin Holdings.

**SOUTH KOREA** brought its 10-session decline to an end, as confidence improved a little. The composite index rose 7.20 to 931.95; volume was moderate at 12.8m shares, well above the previous day's 10.4m.

**SINGAPORE** had another fairly dull day, with share prices closing mixed. The Straits Times Industrial index eased 7.62 to 1,371.40.



## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | THURSDAY SEPTEMBER 28 1989 | | | | | | WEDNESDAY SEPTEMBER 27 1989 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Day's change % local currency | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1989 High | 1989 Low | Year ago (approx) |
| Australia (85) | 153.48 | −1.5 | 141.49 | 131.54 | +0.1 | 5.02 | 155.87 | 143.23 | 131.46 | 157.14 | 128.28 | 138.10 |
| Austria (19) | 160.64 | −0.3 | 148.11 | 157.06 | −0.3 | 1.56 | 161.03 | 148.01 | 157.54 | 162.96 | 92.84 | 87.53 |
| Belgium (63) | 143.95 | −0.4 | 132.72 | 140.58 | −0.4 | 3.93 | 144.47 | 132.75 | 141.08 | 144.47 | 125.58 | 120.14 |
| Canada (123) | 149.40 | +0.4 | 137.75 | 127.71 | +0.6 | 3.16 | 148.82 | 136.74 | 126.89 | 153.59 | 124.87 | 119.46 |
| Denmark (38) | 198.47 | +0.9 | 182.99 | 197.66 | −1.0 | 1.61 | 196.69 | 180.73 | 195.75 | 219.69 | 165.35 | 131.41 |
| Finland (26) | 123.14 | +0.0 | 113.53 | 111.17 | +0.1 | 2.49 | 123.12 | 113.13 | 111.01 | 159.16 | 123.12 | 114.70 |
| France (126) | 139.67 | +0.2 | 128.78 | 139.67 | +0.2 | 2.70 | 139.63 | 128.30 | 139.48 | 139.67 | 112.57 | 98.29 |
| West Germany (97) | 101.09 | +0.2 | 93.21 | 98.89 | +0.2 | 2.07 | 100.92 | 92.73 | 98.72 | 102.43 | 79.56 | 78.68 |
| Hong Kong (48) | 116.82 | +1.7 | 107.52 | 116.82 | +1.7 | 4.83 | 114.65 | 105.35 | 114.84 | 140.33 | 88.41 | 99.62 |
| Ireland (17) | 160.25 | +0.2 | 147.75 | 159.40 | +0.2 | 2.78 | 159.92 | 146.94 | 159.08 | 166.69 | 125.00 | 131.01 |
| Italy (97) | 94.95 | +0.3 | 87.55 | 97.08 | +0.8 | 2.35 | 94.68 | 87.00 | 96.31 | 96.73 | 74.37 | 74.13 |
| Japan (455) | 190.70 | +0.5 | 175.83 | 169.37 | +0.4 | 0.47 | 189.78 | 174.38 | 168.67 | 200.11 | 164.22 | 159.11 |
| Malaysia (36) | 203.30 | +0.5 | 187.45 | 210.62 | +0.5 | 2.48 | 202.32 | 185.91 | 209.41 | 203.30 | 143.35 | 136.04 |
| Mexico (13) | 310.81 | −0.3 | 286.57 | 880.14 | −0.3 | 0.57 | 311.66 | 286.38 | 882.56 | 321.99 | 153.32 | 153.75 |
| Netherland (43) | 129.99 | +0.1 | 119.86 | 126.04 | +0.1 | 4.21 | 129.87 | 119.33 | 125.89 | 130.89 | 110.63 | 102.24 |
| New Zealand (20) | 82.65 | −0.9 | 76.21 | 74.25 | +0.4 | 4.82 | 83.35 | 76.60 | 74.08 | 88.18 | 62.64 | 70.22 |
| Norway (24) | 188.44 | +0.0 | 173.74 | 177.31 | +0.1 | 1.46 | 188.51 | 173.21 | 177.06 | 198.39 | 139.92 | 111.87 |
| Singapore (26) | 162.82 | −0.8 | 150.12 | 147.55 | −0.6 | 2.00 | 164.19 | 150.87 | 148.45 | 170.62 | 124.57 | 117.82 |
| South Africa (60) | 159.34 | −0.8 | 146.91 | 138.49 | −1.2 | 4.09 | 160.23 | 147.23 | 140.11 | 160.23 | 115.35 | 106.71 |
| Spain (43) | 168.70 | −0.6 | 155.55 | 152.15 | −0.5 | 3.39 | 169.75 | 155.98 | 152.84 | 169.75 | 143.14 | 136.68 |
| Sweden (35) | 180.60 | +0.9 | 166.52 | 172.25 | +1.1 | 1.99 | 178.97 | 164.45 | 170.43 | 188.94 | 138.45 | 119.07 |
| Switzerland (64) | 91.01 | +0.8 | 83.91 | 92.06 | +0.9 | 2.05 | 90.28 | 82.96 | 91.26 | 94.16 | 67.81 | 77.22 |
| United Kingdom (306) | 151.82 | −1.9 | 139.98 | 139.98 | −1.9 | 4.31 | 154.70 | 142.15 | 142.15 | 158.41 | 133.28 | 128.15 |
| USA (548) | 141.71 | +1.0 | 130.66 | 141.71 | +1.0 | 3.24 | 140.31 | 128.93 | 140.31 | 143.84 | 112.13 | 111.44 |
| Europe (996) | 131.34 | −0.7 | 121.10 | 125.24 | −0.5 | 3.34 | 132.26 | 121.53 | 125.86 | 132.95 | 112.63 | 104.93 |
| Nordic (121) | 167.21 | +0.8 | 154.17 | 155.66 | +0.9 | 1.83 | 165.96 | 152.48 | 154.29 | 178.38 | 137.96 | 113.05 |
| Pacific Basin (670) | 186.46 | +0.4 | 171.91 | 165.65 | +0.4 | 0.71 | 185.65 | 170.59 | 165.15 | 194.72 | 160.44 | 155.89 |
| Euro-Pacific (1666) | 164.51 | +0.1 | 151.68 | 149.54 | +0.1 | 1.56 | 164.41 | 151.07 | 149.35 | 166.96 | 141.56 | 135.53 |
| North America (671) | 142.07 | +1.0 | 130.99 | 140.83 | +1.0 | 3.24 | 140.72 | 129.30 | 139.47 | 144.24 | 112.79 | 111.85 |
| Europe Ex. UK (690) | 117.94 | +0.1 | 108.74 | 116.05 | +0.3 | 2.66 | 117.77 | 108.22 | 115.75 | 118.18 | 96.30 | 90.40 |
| Pacific Ex. Japan (215) | 135.37 | −0.5 | 124.81 | 121.82 | +0.5 | 4.64 | 136.02 | 124.98 | 121.20 | 137.65 | 111.93 | 117.14 |
| World Ex. US (1862) | 164.03 | +0.1 | 151.23 | 148.94 | +0.1 | 1.64 | 163.92 | 150.62 | 148.75 | 166.35 | 141.49 | 134.70 |
| World Ex. UK (2104) | 155.31 | +0.6 | 143.20 | 147.10 | +0.6 | 1.94 | 154.41 | 141.89 | 146.23 | 155.66 | 136.98 | 125.39 |
| World Ex. So. Af. (2350) | 154.96 | +0.4 | 142.87 | 146.47 | +0.4 | 2.14 | 154.39 | 141.86 | 145.87 | 155.92 | 136.67 | 125.74 |
| World Ex. Japan (1955) | 138.12 | +0.3 | 127.35 | 134.79 | +0.4 | 3.34 | 137.74 | 126.56 | 134.25 | 138.29 | 114.51 | 109.60 |
| The World Index (2410) | 154.98 | +0.4 | 142.90 | 146.42 | +0.4 | 2.15 | 154.42 | 141.89 | 145.83 | 155.89 | 136.68 | 125.62 |



**CONSTITUENT CHANGES:** At the quarter-end review of the FT-Actuaries World Index, it was decided to make the following constituent changes with effect from October 2 1989: **Additions:** Abbey National (UK); Computer Assoc., Genuine Parts and Peoples Energy (all US). **Deletions:** Chase Corp.(New Zealand), Bilton (P.) Accum. (UK); Southmark, US Home and Universal Matchbox (all US). **Classification changes to existing constituents:** Amoy Prop.(Hong Kong) to Real Estate, China Motor Bus (Hong Kong) to Road Transport, Delta (UK) to Electrical Equipment and Goodrich (BF) (US) to Diversified Chemicals.